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## NEWS SUMMARY

### GENERAL

## Zimbabwe air base attack: 11 whites held

Zimbabwe security forces arrested 11 white men in connection with the attack on Sunday on the Thornhill air force base, security sources said.

Most of the arrested are believed to be former Zimbabwe Air Force members.

The attack, in which five aircraft were damaged, was at first linked with dissident activity in Matabeleland where six tourist hostages and their kidnappers are still being hunted.

### Plessey contract

Plessey has won a £40m contract from British Telecom for electronic microcomputer-controlled payphones which will replace coin-operated ones.

### Pilot killed

An RAF pilot was killed and another injured after their Hawk aircraft crashed at RAF Valley, North Wales.

### Toxteth stoning

Riot police were put on standby after cars were stoned and trees and debris slung across Upper Parliament Street in Toxteth, Liverpool, on the anniversary of the death of David Moore, bit by a police van last summer.

### Bomb evacuation

About 30 families had to leave their homes for seven hours while the army defused a bomb attached to a car in Bellathy, *South Derry*.

### Sinn Fein ban

The Irish Supreme Court upheld a Dublin ban on general election broadcasts by the provisional Sinn Fein, the IRA's political wing.

### W. Berlin arson

Arson attacks in West Berlin caused more than £270,000 damage following squatter evictions.

### Kidnap denial

Uganda denied kidnapping former minister Balaki Kirya who disappeared from his Nairobi, Kenya, home and reappeared in a Kampala court on treason charges.

### Steel wages

A British steel worker has to work more than twice as long as an American to buy a car, the International Metalworkers Federation said.

### A woman's life

Women are genetically stronger than men and outlive them by up to 10 years, only to survive as the group most discriminated against, a UN conference on ageing heard.

### Albert Medal

The 1982 Albert Medal for service to the arts, manufacture or commerce is to go to Akio Morita, chairman of Sony.

### Actor ill

Actor Norman Painting, 57 — BBC Radio's Phil Archer—was "comfortable" in a Banbury hospital after a suspected heart attack.

### Rock rescue

A biologist trying to examine a specimen was rescued after eight hours clinging to a rocky crag on the Isle of Skye.

### Briefly . . .

Rebels in Mozambique kidnapped an Italian missionary.

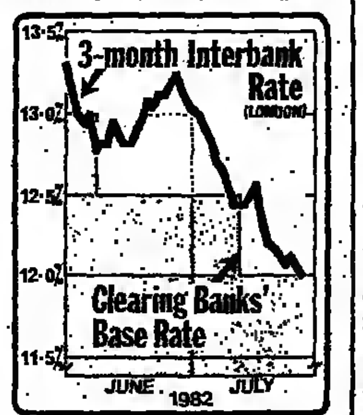
Bomb exploded outside a police station in Port Elizabeth, injuring a policeman.

Soviet fencer Vladimir Smirnov, wounded in the world championships on July 19, died.

### BUSINESS

## Banks poised for base rate cuts

● BANKS are poised to cut their base rates by half a point to 11½ per cent. The Bank of England again cut money market intervention rates yesterday by up to ⅛ of a point.




The seven-day rate fell by $\frac{1}{16}$ of a point to 12⅛ per cent, and three-month rates, at 12 per cent, have fallen by almost half a point since the last base rate cut. Page 32

● EQUITIES steadied. The FT 30-Share index rose 0.4 to 561.9. From today, BICC and BTR replace John Brown and Turner & Newall in the index. Page 31; Lex, Back Page

● GILTS firmed slightly on interest rate hopes. The Government Securities index added 0.05 at 72.39. Page 31

● DOLLAR continued to improve as Eurodollar interest rates rose, closing at DM 2.451 (DM 2.43), SwFr 2.079 (SwFr 2.05), FFr 6.515 (FFr 6.77) and Y265.1 (Y252.5). Its trade-weighted index was 119.6 (119.3). Page 32

● STERLING fell 1.15c to $1.744 but was otherwise firmer at DM 4.275 (DM 4.265), SwFr 3.623 (SwFr 3.6) and FFr 11.88 (FFr 11.875). Its Bank of England index was unchanged at 91.4. Page 32

● GOLD fell $6.25 in London to $346.5. In New York the Comex July close was $339.5 ($352). Page 26

● WALL STREET was down 11.98 at 810.79 at 3 pm, as fears about the Federal budget deficit deepened, bringing heavy selling. Page 30

● NATIONAL COAL Board lost over £1.5m every working day of the year to March 27. Back Page

● INTERNATIONAL bankers fear Argentina could default on $36bn (£20.6bn) of external debt unless Britain lifts its economic sanctions. Page 4

● NUCORP Energy of California filed for protection against creditors under U.S. bankruptcy law, another setback for Chicago bank Continental Illinois, its main lender.

● BANCO AMBROSIANO Overseas of Nassau emerged as the link between Italy's troubled Ambrosiano group and the Panama activities of IOR, the Vatican bank. Back Page

● FRANCE'S plan to nationalise CGCT, the French ITT subsidiary, is back under negotiation after a recent increase in company losses. Page 27

● LEX SERVICE, car and commercial vehicle distributor, lifted taxable *profit* for the *six* months to June 27 from £6.1m to £10.6m and raised the interim dividend to 3.1p (2.8p). Page 22

● BETHLEHEM STEEL, second biggest U.S. steel maker, reported a $47.1m (£27m) loss for the second quarter, against $77.6m profit, and cut the dividend to 25c (40c). Page 27

● LITTLEWOODS Organisation raised pre-tax profits slightly to £12.5m (£11.5m) last year, despite pressure from competition and depressed consumer spending. Page 25

### CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

| | | |
|---|---|---|
| Air Call | 315 | + 20 |
| Berisford (S. & W.) | 136 | + 5 |
| Brown (J.) | 43 | + 1½ |
| Coalite | 132 | + 4 |
| Dowty | 151 | + 4 |
| Electronic Machine | 33 | + 5 |
| Equipu | 98 | + 5 |
| Finlan (J.) | 126 | + 4 |
| GKN | 139 | + 3 |
| Johnstone's Paints | 95 | + 7 |
| Lucas Inds. | 142 | + 4 |
| M.K. Electric | 423 | + 8 |
| NatWest Bank | 445 | + 5 |
| Plysu | 127 | + 9 |
| Turner & Newall | 46 | + 2 |
| Sun (UK) Royalty | 110 | + 10 |

FALLS

| | | |
|---|---|---|
| Beecham | 290 | − 8 |
| Brasway | 77 | − 4 |
| Currys | 170 | − 6 |
| De La Rue | 475 | − 30 |
| Dixons Photograph. | 175 | − 6 |
| Greenbank | 38 | − 4 |
| ICI | 302 | − 4 |
| Ladbroke | 137 | − 4 |
| Lon. Scottish Fin. | 45 | − 3 |
| Raybeck | 36 | − 2 |
| Anglo Amer. Gold | £31¼ | − 1 |
| Buffels | £13¾ | − 1 |
| Gold Fields SA | £31 | − 1 |
| Hartebeest | £20 | − 1½ |
| Randfontein Ests. | £25¼ | − 1 |
| Vaal Reefs | £28 | − 1 |

# Swan Hunter wins order to replace Atlantic Conveyor

BY ANDREW FISHER, SHIPPING CORRESPONDENT

A REPLACEMENT for the Atlantic Conveyor, the Cunard merchant ship destroyed by an Exocet missile in the Falklands fighting, will be built at the Swan Hunter, Tyneside yard and not in the "Far East."

Lord Matthews, the Cunard chairman, said last night that the company had agreed special terms with the Government and British Shipbuilders to prevent the order going to South Korea.

Exact details of the deal, worked out in the last few days, were not revealed. "You can't get exactly what you want," said Lord Matthews, "but I am more than satisfied."

Mr Robert Atkinson, chairman of British Shipbuilders, expressed pleasure at the news. "Against the fiercest competition from the Far East yet to be experienced by Western European shipbuilders, the winning of this order by British Shipbuilders is a tribute to those who have joined with us to ensure that the ship will be built in the UK," he said.

The price for the ship appears to have come down to the Korean figure of about £30m, although Lord Matthews would not specify the sum. The original British Shipbuilders' price was more than £40m, but a combination of special subsidies, favourable credits, and defence funds has eliminated the gap.

"If this had been offered to me in the first place, we would not be here now," Lord Matthews said yesterday after lengthy talks with the Department of Industry. There were "no strings" attached to the deal.

The Government brought considerable pressure to bear on Cunard, part of the Trafalgar House group, to ensure that the order did not go abroad.

Mrs Margaret Thatcher, the Prime Minister, appealed to the company to show a patriotic attitude after the Government agreed to provide £4m for the new container ship to be fitted with defence features.

Asked about the issue of patriotism, Lord Matthews said: "This is a word that has been used extensively by everyone. From time to time I am reminded of it, but it has never altered what I was trying to achieve and that was the right price."

Lord Matthews said Cunard had agreed to delivery of the new ship, larger and more efficient, some eight months later than the date the Koreans had offered.

"As long as they can make August 1984, that will be satisfactory," he said of the UK yard. "But beyond that we're in very serious trouble." It was Swan Hunter which built the Atlantic Conveyor.

Lord Matthews denied Cunard was getting a very good deal over the ship. He said the lost vessel had been 12 years old and the U.S. Government had taken an option to buy it for the same sum of £10m received from the UK Government in compensation for the vessel's loss.

"If that ship had sunk by hitting an iceberg, then Lloyd's would have paid, but as it was sunk in action the Government paid," he commented.

Mr Norman Lamont, Industry Minister, welcomed the fact that the order would be placed in Britain. He said British Shipbuilders had given way in price, but he did not say by how much.

The home credit scheme for UK shipowners, intervention fund money used to help balance European costs with low Far Eastern prices, and the defence contribution were all part of the financing package.

*Mr Lamont said the situation* was a special one because of the Falklands. Cunard had agreed to make the new ship available for emergencies and exercises.

"Most people in the country feel that it would have been quite wrong, with a British ship sunk and British lives lost in the Falklands, if that had resulted in a gain to a foreign shipyard. It is something which many people find offensive and that is why the Government intervened."

Background, Page 8

# Halliday, Simpson partners expelled

By John Moore, City Correspondent

FOUR PARTNERS, including the senior partner of Manchester-based stockbrokers Halliday, Simpson have been expelled from membership of the Stock Exchange after the ruling council found them guilty of gross misconduct.

Two associate members of the Manchester firm have been expelled from the Stock Exchange for gross misconduct. One partner and an associate member, both found guilty of gross misconduct and suspended from trading for six months. Two other partners have been found guilty of misconduct; one has been suspended for three months while another has been censured.

The Stock Exchange came to its conclusion after an extensive investigation into the affairs of the firm, whose senior partner was Mr David Garner. It found that over a three-year period—between March 1978 and March 1981—the firm had been operating an "open account" designed to favour certain of its clients.

In a notice posted yesterday, the Stock Exchange council described a typical transaction which was designed to favour

Continued on Back Page
Details, Page 8

# France plans big investment in electronics

BY DAVID MARSH IN PARIS

THE FRENCH Government yesterday announced plans to invest FFr 140bn (£11.78bn) in the electronics sector over the next five years, underlining its commitment to push the industry into a leading role in the world.

Details of the spending programme, a cornerstone of the Socialist Government's drive for technology-based growth, will not, however, be decided until the beginning of September.

This partly reflects the desire of the newly-nationalised industries which will spearhead the programme for more time to consider their investment plans.

The French Government had originally hoped to bring out a full plan of action for the sector this month. The decision to delay announcement of details will allow the programme to be integrated with autumn budget discussions.

There could then be some conflict between the Government's desire to hold down the budget deficit and its wish to boost *significantly* industrial research spending.

Announcing the plan after yesterday's weekly cabinet meeting, M Jacques Attali, special adviser to President François Mitterrand, said France aimed to close the gap with the U.S. and Japan and become a "great technology power."

France's strategy was, he said, to bring foreign trade in electronics into balance and to create 80,000 new jobs in the sector by 1986.

The main companies involved in electronics—which the Government views as a broad category — including office equipment, telecommunications, information systems, measuring products and space activities—have all recently come under state control.

They are the electrical and electronics conglomerates Thomson and Compagnie Générale d'Electricité, defence group Matra and computer company CII-Honeywell Bull.

French-based foreign groups, such as IBM, are included in the overall investment figure. The size of the programme conforms closely to the wishes of M Jean-Pierre Chevènement, head of the Ministry of Research and Industry.

The Ministry estimates that the French electronics sector achieved a turnover of FFr 96bn last year. It is aiming for annual output growth to be stepped up from the present rate of 3 per cent to 9 per cent in future years.

About 50 per cent of electronics manufacturing and 90 per cent of research in France is in the hands of the state.

# Israel expects decision on PLO withdrawal 'within two days'

BY DAVID LENNON IN TEL AVIV AND OUR FOREIGN STAFF IN LONDON

MR PHILIP HABIB, the U.S. special envoy, has promised to clarify within two days whether the Palestinian guerrillas trapped in Beirut are willing to leave, Mr Menahem Begin, the Israeli Prime Minister, said yesterday.

Meanwhile the besieged Lebanese capital came under renewed Israeli bombardment for the seventh consecutive day. Aircraft, gunboats and artillery struck at a range of targets including some in previously affluent residential suburbs.

Mr Begin said Mr Habib "did not have much good news" when he met the Israeli leadership on Tuesday night. But he had pledged "to get an unequivocal commitment" from the Palestine Liberation Organisation "that they will leave."

The U.S. envoy apparently made the promise because many members of the Israeli Cabinet expressed scepticism about the PLO's intentions. Some said they did not believe the PLO intended to withdraw and were using the weeks of negotiations just to buy more time.

Mr Habib is believed to have urged Israel to halt its bombardment of Beirut because the attacks were hampering negotiations. But a Foreign Ministry spokesman said Israel had not given Mr Habib any commitment to reinstate the ceasefire. He said the daily military pressure was designed to underline Israel's determination "to have the problem solved."

Israel has not imposed a deadline on the time available for Mr Habib to negotiate a solution because it was said he remained optimistic that the Palestinians could be persuaded to leave Beirut.

The Israeli media has reported that Mr Habib suggested a staged PLO withdrawal. The guerrillas would withdraw first to the Bekaa Valley and the northern port of Tripoli, and Israel would respond by pulling back from the southern suburbs of the capital. In the second stage the PLO forces would leave Lebanon entirely and be dispersed among several Arab countries.

As Mr Habib arrived back in Lebanon yesterday afternoon there was some slackening of gunfire after the intense bombardments of the previous 24 hours, in which the Lebanese authorities report more than 100 people have died.

West Beirut remained without water or electricity supplies, making conditions increasingly difficult for the estimated 500,000 civilians in the capital. Israel cut the supplies on Monday to intensify pressure on the PLO guerrillas. Some food is getting through, but petrol and diesel fuel are in short supply.

● In Washington, the State Department made its strongest statement to date deploring breakdowns in the Beirut ceasefire. "The bloodshed must stop," Mr Dean Fischer, the State Department's official spokesman, said.

Mubarak offer to Palestinians, Page 4
Editorial Comment, Page 20

# Fair wages safeguard is to end

BY JOHN LLOYD, LABOUR EDITOR

*THE GOVERNMENT* is to scrap the Fair Wages Resolution, the provision which protects wage levels of workers on government and other public sector contracts.

*Mr Norman Tebbit, the* Employment Secretary, told *the Commons* in a written answer yesterday that after consultations the Government had decided to denounce International Labour Convention No. 94, to which it is at present a signatory and which provides the model for the resolution.

The convention can be denounced in the 12-month period after September 20 this year but remains in force until then. It has existed in its current form for 35 years and was introduced in its earliest form—to ensure that government contracts were not won by those employing "seated labour"—91 years.

The contemporary effect of the resolution, a form of which is generally adopted as a fair wages clause in local authority and nationalised industry contracts, is to ensure that employees are paid a rough "rate for the job" set by levels paid for comparable labour in the area.

It has tended to stop competitive wage cutting by contractors as a means of winning government and other contracts.

Earilar this week, the General and Municipal Workers' Union announced its intention of referring Wandsworth Council, in south London, to the Department of Employment for alleged breach of its fair wages clause. The union claims the council, in employing Grandmet Wasto Services, is offering wages to dustmen below the rate for the job.

The Government's bias towards *privatisation*, its belief that pay and conditions should be freely determined by employers and unions according to market conditions and its conviction that such mechanisms are a barrier to employment, all lie behind its decision yesterday.

The CBI had given a mixed reaction during consultations, but the Engineering Employers and the Institute of Directors were strongly in favour of setting the resolution aside.

Mr Len Murray, the TUC general secretary, condemned the decisions. He said the resolution was "part and parcel of the Government's attack on the wages of working people," and warned that the TUC would fight the decision within the International Labour Organisation.

CBI urges pay restraint forever, Back Page

# London Transport shake-up proposed

BY HAZEL DUFFY, TRANSPORT CORRESPONDENT

AN ALL-PARTY committee of MPs has given the Government the opportunity to take London Transport out of the control of the Labour-led Greater London Council.

The reports of the Select Committee on Transport, published yesterday, calls for the creation of a Metropolitan Transport Authority. This would take charge of transport planning in London. It would be responsible for London's major roads and for the appointment and funding of the London Transport Executive.

The Government has been unhappy with the London Transport system since the GLC introduced its cheap fares policy last autumn. The policy was later declared illegal by the Law Lords.

Fluctuations in fares on London Transport in recent months have embarrassed the Government, and Mr David Howell, Transport Secretary, has admitted that fares are too high in London.

The MPs have agreed between themselves that transport should be taken out of the "goldfish bowl" of politics. Mr Sydney Bidwell, Labour MP for Ealing Southall, said: "Alternating political regimes at the GLC have meant alternating transport plans, and as a Londoner I think they have really made a mess of it."

The new Authority would eventually have responsibility for an enlarged trunk road system within the GLC area. In the meantime, the Committee recommends that the present three-tier system of highway responsibilities should be replaced by a two-tier structure, and that responsibility for the present trunk and metropolitan roads should be transferred immediately to the Department of Transport.

Mr Ken Livingstone, GLC

Continued on Back Page

### £ in New York

| — | July 27 | Previous |
|---|---|---|
| Spot | $1.7515-7530 | $1.7580-7598 |
| 1 month | 0.03-0.05 pm | 0.03-0.05 pm |
| 3 months | 0.59-0.63 pm | 0.55-0.59 pm |
| 12 months | 3.55-3.65 pm | 3.35-3.50 pm |

## CONTENTS



For latest Share Index phone 01-246 8026

# Sceptics scorn proposals for 'two-speed' Europe

BY JOHN WYLES IN BRUSSELS

PERHAPS because their own internal politics are so sterile and eternally inconclusive, and perhaps because political philosophy has a long and honourable tradition in Italy, top Italian politicians and diplomats are currently bursting with radical ideas for solving the EEC's severe difficulties.

Some of the Italian nations may border on political fantasy—consider, for example, the ambitious project of Sig Altiero Spinelli, the European MP, for redrafting the EEC treaties. Others, propounded by Sig Antonio Giolitti, the European Commissioner for regional policy, and none other than Sig Giovanni Spadolini, the Italian Prime Minister himself, are being taken seriously.

The first question they try to address is how the Community can end its internal stagnation and revive the process of integration. The second is how the commitment to accommodate Spain and Portugal from January 1984 be honoured without compounding the Community's internal problems and adding to these two countries' domestic economic and political difficulties.

In looking to develop the Community further, the Italians have revived ideas which found some expression in the 1976 report on European Union prepared by Mr Leo Tindemans, then Belgian Prime Minister. These were subsequently floated in 1979-1980 by the then French Prime Minister M Raymond Barre.

Variously identified as "two-speed Europe" or "à la carte" Europe, they are based on the acknowledgement that there is no common degree of commitment to integration among EEC member states and even a measure of structural incompatibility which prevents them all adopting new common policies at the same time.

Therefore, the Italians argue, those members able to identify and anxious to participate as new policies for dealing at a Community level with urgent economic should be free to do so. Those unable to implement such policies should stand to one side, ready to participate as soon as their domestic economic and circumstances permit.

This is the kernel of the argument put forward by Sig Giolitti at a recent informal meeting of the European Commission. Reaction ranged from sympathetic interest to polite scepticism, but Sig Giolitti drew enough support for the Commission to agree to set up a special working group to examine his propositions.

Sig Antonio Giolitti

Sig Spadolini and his diplomats are arguing that the Ten are in no condition to go ahead with enlargement in the normal way. The EEC budget should be expanded and the basis upon which member states pay into it reformed so as to lower the relative size of the British and West German contributions. The Ten must revamp the Common Agricultural Policy to give a better deal for Mediterranean farmers without at the same time adding enormously to the EEC farm bill. They need better social and industrial policies to deal with the economic crisis.

But neither will the two applicant countries, particularly Portugal, be ready for full EEC membership, even after five or seven-year transition periods. Awkware, perhaps, of their own problems in fully applying EEC rules (at one time this year Italy was not implementing 97 Community directives) the Italians say it could be a decade or more before Portugal can conceivably play a full part in the European Monetary System and other EEC policies.

The one thing the Ten must not do, in the Italian view, however, is renege on their political commitment to Spain and Portugal by delaying or withholding enlargement. That could be a terrible blow to these infant democracies.

The Italian answer is that they should be brought into full participation in Community institutions from the beginning of 1984 but their involvement in the CAP, in the open internal market, in tariff harmonisation and other policies should be achieved in stages lasting many years. Progress from one stage to another would depend on the resolution of the Community's many internal problems and on the new member state's readiness to apply the corpus of existing rules and regulations.

This approach could enable the Community to avoid what Sig Giolitti called "the risk of missing its historic rendezvous with the political, economic and democratic stabilisation of the Mediterranean."

Thus, the Italians are saying, let us abandon most of the Community's past principles and procedures. Universal participation in common policies would no longer be required, although this would be the ultimate aim. The need for new member states to accept in advance of their accession a clearly delineated timetable for applying all of the Community's existing policies, rules and regulation would also be dropped, although full implementation of this so-called *acquis communautaire* would be the eventual goal.

These propositions are sparking a lively debate in Brussels and although they have encountered much scepticism, they also strike some sympathetic chords. France has been toying for the past two or three years with the à la carte or "differentiated policy" approach as a means of disposing of the perennial difficulties raised by the UK's excessive contributions to the Community budget.

Paris is also keenly interested in delaying enlargement if it can be done without vitiating previous political commitments. But neither France nor any other member state would be happy with the Italian plan to allow Spain and Portugal full participation in Community institutions when their involvement in Community policies would be only partial.

Meanwhile the Benelux countries are strongly attracted by an à la carte model for Europe as a means of hastening the process of integration. Denmark, West Germany and the UK are the most sceptical about what they believe to be Italian flights of fancy. How, they ask, could the integrity of the Common Market for industrial and agricultural goods be maintained if member states could pick and choose which regulations to apply?

In addition, would it be possible to devise a coherent financing system for the Community except on the basis of common participation in all policies? Finally, the Italian recipe for enlargement would guarantee a perpetual negotiation between old and new member states which would create an even greater paralysis within the EEC.

# Free Democrats facing extinction, says West German opinion poll

BY JAMES BUCHAN IN BONN

THE Free Democrat Party, the traditional "third force" in West German politics and for 13 years the junior partner in the coalition government, is facing extinction as a political power, according to the latest opinion poll.

Frau Elisabeth Noelle-Neumann, head of the highly respected Allensbach Institute, said yesterday that a poll conducted by Allensbach in the second half of July had shown that support for the FDP had dwindled from 6.8 per cent of the sample in June to 5.1 per cent.

This is perilously close to the "5 per cent hurdle" which a West German party must clear at regional and general elections if it is to be represented in parliament.

The poll shows the FDP losing support to both the Christian Democrat-Christian Social Union opposition, which advanced from 53.3 per cent to 53.7 per cent, and to Chancellor Helmut Schmidt's Social Democrats, the coalition's senior partner which improved from 31.1 per cent to 31.4 per cent, despite the bad impression left by the wrangling of the coalition partners over the 1982 and 1983 budgets.

Above all, the FDP is continuing to lose support to the Greens, the association of ecologists and protest groups, who have recorded spectacular successes in local elections this year and advanced from 7.7 per cent of the sample in June to 9 per cent.

Frau Noelle-Neumann believes that the FDP commands only 3-4 per cent of the electorate as regular voters, and has relied on its "safety valve" function up to now.

She believes that the FDP's 10.6 per cent of the poll at the 1980 general election reflected voters' anxieties about Herr Franz Josef Strauss, the CDU-CSU candidate for chancellor.



# French Government disbands militia of neo-Gaullist party

BY DAVID WHITE IN PARIS

THE FRENCH Government yesterday provoked an outburst of indignation from Gaullist MPs by outlawing the Civic Action Service (SAC), using a 1936 law empowering it to dissolve organisations considered to be "private militias."

The SAC, set up shortly after General de Gaulle's return to power in 1958, remains closely linked to the neo-Gaullist RPR party.

Ils future has been in question since President Mitterrand's election—and more particularly since a multiple murder near Marseilles last summer, which resnlted in the arrest of several SAC members.

Presidential aide M Jacques Attali said after yesterday's cabinet meeting that the SAC bad been disbanded on the grounds that ils activity was "based on violence and practices bordering on gangsterism."

He said the Government considered the SAC to have been involved in "affairs of blood, affairs of money and affairs of secrets."

The law invoked by the Government provides for jail sentences of six months to two years and fines for anyone helping to reconstitute a banned organisation.

The move follows a report by a special parliamentary committee in June, which put SAC membership at 8,000-10,000, accused it of involvement in hold-ups, counterfeiting and drug smuggling, and claimed that the Gaullists provided it with most of its funds.

The RPR group in the National Assembly yesterday denounced the committee as "partisan" and accused the Government of resorting to "diversion manoeuvres" to distract attention from its own difficulties.

Both the RPR and the centrist opposition parties withdrew from the inquiry at an early stage, leaving only Socialists and Communists.

The report portrayed the SAC as an organisation in which wartime Gaullist slalwarts had been outnumbered by opportunists, criminals and "young fascists," able to act with impunity thanks to their red-white-and-blue SAC membership cards.

It left it to the Gnvernment to decide whether or not the SAC should he banned, casting doubt on the effectiveness of such a measure. It argued that the SAC had probably already taken steps which would allow it to continue its activities in other guises.

**FRENCH President Francnis Mitterrand yesterday indefinitely postponed an official visit to Romania scheduled for next mnnth in a move widely interpreted as an expression of anger over alleged human rights violations, AP reports from Paris.**

**Officially, the Elysee Palace said the trip had been put nff because of a conflicling visit by President Mitterrand to Greece. Bnt the decision to postpone the visit cnincides with a police investigation intn the disappearance last May in Paria of a Romanian exile writer Virgil Tanase and nf a lnng-standing dispnte between the twn countries nver Romania's refusal to allow certain citizens to join relatives in France.**

# Dutch industry suffers doubling of debt costs

BY WALTER ELLIS IN AMSTERDAM

DUTCH industry last year bad to contend with a doubling of the costs of debts owed to banks and insurance companies.

According to the central statistics bureau, increased borrowings and higher interest rates meant that companies were forced to pay out a total of Fl 4.9bn (£1.04bn) in debt repayments. The banks and insurance companies increased their income from debt from Fl 62m to Fl 77m.

Moderate pay settlements meant the increase in industry's wage bill was Fl 2.36bn less than would have been the case had the national wage round taken its normal course. This saving, however, was more than accounted for by the increase in debt repayments.

At the same time, the number of workers employed in trade and industry in the Netherlands fell last year to 3.39m, compared with 3.46m in 1980.

However, the number of jobs in the public sector increased by 13,000 to 727,000 at a time when most major parties were preaching the necessity of cuts in public spending.

Just over 1.3m of the total workforce was employed in industry last year — down some 70,000 on 1980. Some 3,000 more moved into the services sector, which last year employed 1.99m people.

Agricultural employment remained static at 71,000, the level of the past three years.

Unemployment in the Netherlands bas climbed well above the 500,000 mark this year and more than 10 per cent of the workforce are without jobs.

Again, industry has been hardest hit, especially in the construction and textiles sectors.

# Norwegian gas discovery

BY RICHARD JOHNS

A GAS STRIKE by Statoil bas raised long-term bopes of a commercial development in northern Norwegian waters.

The second well drilled by Norway's state oil corporation in block 7120/8 bas yielded 490,000 cubic metres of gas a day and is described by the company as "promising."

The block is traversed by an east-west fault but the indications are that the well belongs to the same structure as the first, which produced the same kind of gas in similar quantities.

Total reserves are tenatively estimaled at no less than four trillion (million million) cubic feet witht be minimum of 10 trillion, generally reckoned as being required for development.

The block is in deep water but there are strong possibilities that gas will be found in neighbouring areas, enhancing prospects for viability.

Statoil has a 50 per cent share in the block shared with Esso Exploration (25 per cent), Norsk Hydro (15 per cent), Elf Aquitaine (5 per cent) and Phillips Petroleum (5 per cent).

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## LEGAL NOTICES

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AND IN THE MATTER OF
THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 31st day of August, 1982, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned David Llewellyn Morgan of 8 Upper Grosvenor Street, Grosvenor Square, London W1X 0AL, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 5th day of July, 1982.
DAVID LLEWELLYN MORGAN,
Liquidator.

## PUBLIC NOTICES

**CLWYD COUNTY COUNCIL**
£2,000,000 Bills issued July 27 1982 at 11 15/64% due October 26 1982. Total applications £10,000,000. Total Bills outstanding £10,000,000.

**GREATER MANCHESTER COUNTY COUNCIL**
£5 million Bills issued July 28 1982 due October 27 1982 at an average rate of 11.234375. Applications £59 million. Bills outstanding £19 million. Arranged by Butler Till Limited.

**METROPOLITAN BOROUGH OF SANDWELL**
£5 million Bills issued July 28 1982 due October 27 1982 at an average rate of 11.234375. Applications £47 million. Bills outstanding £12.5 million.

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# EUROPEAN NEWS

## Hungary harnesses the cooperative spirit

BY PAUL LENDVAI IN VIENNA

BUDDING entrepreneurs in Hungary have set up more than 2,000 small co-operative ventures during the first half of this year.

They have taken advantage of new regulations, introduced early this year, which allow employees of state companies to establish so-called "working associations" and use their employers' machinery or other equipment outside normal working hours or during weekends.

Elsewhere, small, wholly independent co-operatives have been springing up. There are already 26 in Budapest alone.

These operate outside the state sector with a minimum of 15 and a maximum of 100 members. Capital is provided by the members but it can be supplemented by loans from banks or state enterprises.

The number of trade licences issued to private artisans and entrepreneurs in Budapest has trebled to 4,150 during January-June compared with the same period last year.

According to Press reports, many applications have been submitted for operating private cabs or small transport companies. Last year more than 2,000 state-owned shops and catering establishments were leased to private operators.

It is estimated that by 1985 there will be 15,000 state-owned shops and restaurants operating on this contractual basis.

During the first half of this year 125 other service outlets, primarily hairdressing salons and photo shops were leased in the capital.

Communist Party papers and the specialist trade press agree that the first experiments with "working associations" have produced good results.

Productivity has been at least 30 to 50 per cent higher; quality and labour discipline has also improved.

The aim of the measures is to tap the energies previously devoted to the black economy.

A book just published in Budapest on the so-called "second economy" estimates that three-quarters of Hungarian families are involved in semi-private or so-called auxilliary activities (including private plots and gardens).

The private and semi-private sector provides half of the new housing construction and about two-thirds of the service and repair activities.

Mr Jozef Marjai, the deputy prime minister, warned in a recent speech that the new forms of co-operative and private enterprises and group initiatives should be helped because their operations create the conditions for the optimum utilisation of large industrial plant capacity.

State concerns should be relieved of tasks which could be carried out much better through small and flexible units, he stressed.

The bureaucracy which runs state enterprises, however, has been reluctant to give ground to the entrepreneurs.

The experiments have also increased social tensions. The co-operators working in their own time earn two to three times more per hour than during their normal working.

## Suarez formally quits UCD

SR ADOLFO SUAREZ, former Prime Minister of Spain, formally announced yesterday that he was quitting the Centrist party which he founded in 1977 to lead the country from dictatorship to democracy, Reuter reports from Madrid.

He said he had sent party president Landelino Lavilla a letter confirming his intent to leave the Union de Centro Democratico (UCD), a loose coalition of Christian Democrats, Social Democrats, Liberals and Conservatives formed after the death of General Franco.

The move set the seal on a leadership reshuffle in the party which has suffered a string of regional electoral defeats, defections on the Left and Right, and a mounting challenge from the Socialists in general elections due in eight months.

## Schmidt says Nato quarrels will end soon

BY JAMES BUCHAN IN BONN

WEST GERMANY'S Chancellor Helmut Schmidt is confident that the poisonous atmosphere surrounding transatlantic relations will have evaporated by the end of the year.

In an interview in the course of a long train journey across Canada on Tuesday, Herr Schmidt said: "I believe there is a good chance that the alliance members will have left behind the quarrels of the summer by the end of this year."

Herr Schmidt based his optimism partly on the personality and position of Mr George Shultz, the new U.S. Secretary of State, with whom he conferred informally for five days in California last week.

Mr Schultz was U.S. Treasury Secretary in the late 1960s when Herr Schmidt was West Germany's Finance Minister, and the two men are known to be friends.

Mr Shultz has "a profound understanding of world economic interdependence," the Chancellor said.

As for the U.S. embargo on technology for the Soviet gas pipeline to Europe, which has impaired U.S.-European relations since the end of December, the new Secretary of State "has many friends" in Europe.

"He will know that U.S. foreign policy can no longer act retrospectively on the deal and that governments in Rome, London and Paris, we in Bonn as well as Tokyo and Ottawa believe in the deal and will carry it through."

Whatever Mr Shultz's actual role and influence in the Washington power structure, Herr Schmidt said that Americans he had spoken to were keen to be rid of what he calls the "family row." He said he was "pleased to see that during my stay even the President made references to family quarrels."

In this connection, the Chancellor said he believed that the current difficulties—particularly the pipeline and steel disputes—were no different from many that had bedevilled the alliance since its foundation, and were of less danger than President De Gaulle's decision to lift France out of the Nato military structure in the 1960s.

Herr Schmidt said his chief task during his U.S. visit was to impress on Americans two overriding concerns.

The first consists in the dominant world role of the U.S. economy, and of dollar interest rates.

"The decisive question is whether the U.S. congress can speedily succeed in reducing the budget deficit," now expected to be of the order of $150bn for this year.

The second is the need for urgency in the negotiations with the Soviet Union in Geneva on intermediate-range missiles, which if unsuccessful, will entail the stationing of new U.S. missiles in Europe in the teeth of fierce political opposition, above all in West Germany.

**Uncertainties are growing about the further development this year of West Germany's economy, with management increasingly sceptical about business prospects, the Economics Ministry said yesterday, AP-DJ reports from Bonn.**

**But the Ministry said that despite the gloomy economic picture, it believed conditions for economic growth would improve in the second half of 1982.**

### Ireland forecasts rise in exports

The Irish Export Board yesterday forecast that exports this year will be worth I£5.9bn (£4.8bn), 22 per cent above last year's exports of I£4.8bn and higher than the board's earlier forecast of I£5.8bn, reports Reuter.

Exports last year were 17.3 per cent above 1980 levels, with manufactured goods accounting for I£3.0bn or 61.6 per cent of the total, the board said.

### Greece-Cuba links

Greece and Cuba yesterday reaffirmed a decision to exchange ambassadors during talks between visiting Cuban Foreign Minister Isidore Malmierca and senior Greek officials, AP reports from Athens.

Premier Andreas Papandreou's Socialist Government has already submitted a bill to Parliament for setting up a Greek embassy in Havana.

### Berlin fire attacks

Several fire attacks in West Berlin, possibly in retaliation for the police eviction of squatters from two dilapidated buildings, caused damage estimated at over DM 1m (£235,000), AP reports from Berlin.

## Sweeping cuts sought in Community budget

BRUSSELS — West Germany and th Netherlands yesterday sought sweeping cuts in the Community's multi-billion dollar 1983 budget, diplomats said.

They said budget ministers of all 10 member-states, mindful of tough austerity programmes they have introduced at home, were also expected to propose steep cuts in spending for next year.

The ministers met to review plans by the Community's executive commission for budget payments of $22bn (£9.6bn) in 1983, about 8 per cent more than this year.

The Commission wants to spend up to 40 per cent more on fighting unemployment and boosting regional development while cutting farm spending.

But the ministers, led by West Germany and the Netherlands, were likely to axe schemes to help some of the Community's 11m jebless in a drive to limit public spending, said the diplomats.

They would argue that curbing inflation through strict monetary constraints was the most effective way of combating unemployment.

But any cuts in spending on the unemployed would be vigorously opposed by the European Parliament, which has a say on some items of the budget, notably social spending.

Earlier this month the Parliament adopted a resolution calling for a total of $2.5bn to be spent on fighting unemployment, double the amount proposed by the Commission and just under 10 per cent of the overall budget.

But at a meeting yesterday with members of the Parliament, the ministers made it clear they considered such an increase unreasonable.

Reuter

## AMERICAN NEWS

# A row over fun and games for Soviet UN delegates

BY PAUL BETTS IN NEW YORK

A SMALL community on Long Island, a short ride from Manhattan, is goading the Bear, and the Bald Eagle does not like it a bit.

The community is called Glen Cove (population 25,000) and it has decided to take on the Soviet Union, much to the embarrassment and protest of the U.S. State Department. The Glen Cove affair—a real-life Mouse that Roared saga—is already turning into what appears to be a major diplomatic incident. It is threatening to damage Soviet-U.S. relations even further and is commanding prime space and time in the media.

It all started when the Soviet mission at the United Nations bought a 49-room mansion called Killenworth, surrounded by 37 acres of lush parklands, bang in the middle of Glen Cove.

The residents, who never liked the idea of Russians in their back yard, especially as they do not pay local taxes because of their diplomatic status, started boiling over with indignation when Federal officials accused the Russians of using the mansion as a spy centre. The Russians apparently installed sophisticated equipment to spy on local defence and high technology industries.

In retaliation, the local council voted last May to enforce a tight embargo banning the Russians from the community's recreational facilities, from tennis courts to beach.

The Russians took exception to the local protest and complained to Washington. In turn, the State Department urged the town of Glen Cove to stop meddling in foreign affairs, stop discriminating against the Russians and stop threatening what a Government spokesman grandly described "the conduct of U.S. foreign relations."

Glen Cove, however, was unimpressed by the State Department's appeal. The city council voted on Tuesday night to maintain the embargo. Mr Alan Parente, the mayor, had this to say: "This was done in protest against our Government's permitting the Soviets to occupy a residence in Glen Cove, tax free, and turning it against our national interest."

The U.S. Justice Department is now taking up the matter to see if further pressure and legal action can be taken to force the community to allow the Russians to play on their golf courses, tennis courts and picnic on the beach. But it could be an uphill battle. Glen Cove has already installed a local vigilante squad to enforce its ban on the Russians.

Paul Betts reports on Penn Square bank and the end of the energy boom

# Opportunities still knock in Oklahoma

THE DRAMATIC rise of the Penn Square Bank of Oklahoma City and its equally dramatic fall are part and parcel of the energy boom and bust that has swept Oklahoma during the past three years.

Penn Square grew from a small shopping centre bank into one of the most aggressive lenders to the energy sector in the country, riding high on the speculative interest in Oklahoma's vast natural gas reserves in the state's Anadarko Basin.

Gas prices, the conventional wisdom had it, were going up and up and would continue to go up indefinitely. President Ronald Reagan, after decontrolling the price of domestic oil, would soon do the same with domestic gas prices. In any event, under existing regulations, so-called "deep" gas found below 15,000 ft was already free of any price controls fuelling the great rush to explore and develop the deep gas in the Anadarko Basin.

Under these circumstances, despite the far greater costs and risks of drilling deep, the speculators flocked to Oklahoma, a new generation of fly-by-night oilmen sprung up, and some banks, Penn Square topping the list, were only too willing to extend monies on the sort of terms which would make most conventional bankers, in retrospect, shudder.

The boom lasted for a while. After taking off with a vengeance in 1979, during the second energy crisis, the euphoria grew at fever pitch. Leases in the Anadarko Basin started fetching extravagant sums of $7,000 to $10,000 (£4,000 to £5,700) an acre compared with $1,000 or less a few years earlier. Drilling costs surged in the face of the severe shortage of equipment, and it all seemed to make sense as long as the prospect of selling deep gas for $8½ and $10 per thousand cubic feet was real.

But the unthinkable happened. Oil prices tumbled and, eventually, so did gas prices. Deep gas was no longer fetching $8½ or more. The pipeline companies said they would no longer pay top rates for deep gas — Transco and American Natural Resources, two large pipeline companies, recently told their suppliers they were prepared to pay no more than $5 and $6 respectively for deep gas. They also cut sharply back on their purchases of gas because of declining demand from their industrial customers and a flat no-growth demand in the residential gas market.

This created severe cash flow problems for the independent producers relying on gas sales to generate revenues and finance rising exploration and drilling costs. Drilling activity slowed down dramatically, hurting the oil field service companies and equipment manufacturers which had been enjoying a tremendous boom. In turn, the banks which had lent money to both the independent producers and the smaller service companies on more than generous terms suddenly found themselves with a whole pile of problem loans.

In general, the U.S. gas industry continues to suffer from what has become popularly known as the gas bubble. Only a few years ago, regulations were passed to preserve the country's gas supplies and encourage the use of other alternative energy sources. Large industrial gas users and utilities were urged to instal boilers which could be switched from gas to other fuels. Megadollar gas projects, from the expensive purchase of Algerian liquefied gas to be shipped by tankers to the U.S., to the Alaskan gas pipeline, were pushed by the government and industry. And the Natural Gas Policy Act (NGPA) of 1978 was passed to encourage exploration and production of new gas sources in the U.S.

Although the NGPA maintained price controls on old gas (gas contracted to pipeline transmission companies before 1977), it called for a phasing-out of price controls on new gas by 1985 and lifted all price restrictions from gas found below 15,000 ft. President Reagan also promised in his campaign to speed up the decontrol timetable, but has since hesitated in the face of widespread opposition from gas users.

But gas has proved to be in far more plentiful quantities than earlier anticipated. "When the oil price broke, for the first time oil had a direct impact on natural gas," says Mr Gamble Baldwin, the gas industry analyst at the Wall Street investment firm of First Boston. Gas, he explains, suddenly had to compete against oil, especially when the price of number 6 residual fuel oil fetched a price comparable or lower than gas.

The megadollar gas projects were scrapped or postponed indefinitely. The pipeline companies started calling the market-out clauses in their gas supply contracts, allowing them to cancel contracts and bid for lower ones. The gas market was swept into a state of turmoil and the industrial users which could switch their boilers from one fuel to another were able for the first time to call some of the shots.

For its part, Oklahoma found itself bang in the middle of the bubble. The NGPA, by encouraging drilling for gas below 15,000 ft, sent the speculators rushing to the state's Anadarko Basin.

"The deeper you drill, the more money you make as an oil field service company," Mr Baldwin of First Boston explained, saying that deep gas drilling has been the most lucrative part of the oil service sector's activities. As long as pipeline companies were prepared to pay premiums for deep gas, the economics of deep gas drilling in the Anadarko Basin appeared to make sense.

But, when the pipeline companies were no longer prepared to pay high prices for deep gas, many producers in the Anadarko Basin were left high and dry. Even before the Penn Square collapse, Saxon Oil, active in the Fletcher Field, one of the deepest areas explored of the Anadarko Basin, was already in trouble. After Penn Square, the oil company, facing a severe cash squeeze, found itself with even greater problems. Two investors were supposed to arrange for $65m of additional bank credit for the company through the Oklahoma bank which just collapsed.

"The deeper holes have proved rough for many companies," Mr Bland Williamson, a Tulsa lawyer who acts for several independent oil companies, remarked. These wells are extremely expensive ("these are $10m holes") and the technology has yet to be fully developed to drill at these very deep depths of up to 35,000 ft which have occurred without the prompting of the Penn Square fiasco. But the bank has played an important role in both the Anadarko Basin boom and now its bust. "Penn Square was to some degree responsible for helping to spur the boom by making money available in such terms it encouraged people who otherwise would not have been on this patch either to drill or service the boom. The bank's collapse and the changes in bank lending policies have helped to depress things to some greater degree," Mr Williamson of Tulsa said.

The banks are no longer dishing out loans as they used to in Oklahoma. The big banks (like Chase Manhattan and Continental Illinois, which got badly burnt by Penn Square loans) appear to have reverted back to their traditional conservative lending ways.

Not everyone in Oklahoma is sorry to see the end of the gas boom. Mr Townes, who describes himself as one of "the old steady oil people who have been at it for a long time," says: "While I hate to see people get hurt, I'm glad to get rid of some of these people who have been driving up prices down here. These were not conventional oilmen. They were good glib salesmen out to raise money and people were falling over themselves to give them money."

Oklahoma, ironically, is full of good deals, Mr Williamson says. Rigs are again available, the cost of acreage has dropped, and for the small independent producers (Oklahoma is essentially an independent's play with only a marginal presence from the oil majors) who drill with their own dollars rather than the banks' "the opportunities right now are in every corner."

California oil driller seeks court protection, Page 27

# Bankers fear debt default by Argentina

By Andrew Whitley and Alan Friedman

CONCERN is growing among international bankers that a default by Argentina on $36bn of external debt could occur within the next few week unless Britain lifts its economic sanctions against Argentina.

Argentine Treasury officials said yesterday that a team of economists from the International Monetary Fund (IMF) had left Argentina on Wednesday "with a bad impression over the possibilities of the country coping with its swollen external debt."

In the absence of any clear-cut economic policy emerging in Buenos Aires, London bankers fear that President Bignone's new economic team may be coming under pressure domestically to declare a moratorium.

The IMF team had been in Buenos Aires to study the country's new economic policy on a "routine" visit. The Argentine Government has said it is not likely to approach the IMF for a standby credit, but would prefer a new commercial credit.

Bankers feel this is impossible because Argentina is already in arrears on the payment of commercial debt interest and has asked its bank creditors for a rescheduling of its debt.

In Buenos Aires the La Nacion newspaper has reported that Argentina is in arrears for $600m of private borrower interest and principal payments.

The main obstacle to debt rescheduling, according to one London-based banker, is the UK assets freeze imposed at the start of the Falklands hostilities. Bankers in London believe the freeze will be lifted within the next fortnight.

One banker involved in the Argentine question said: "They can't get international negotiations going while they have assets tied up in London." This was because some of the UK assets could be used to pay off arrears.

In the meantime, some UK banks continue to receive partial interest payments from foreign bank members of loan syndicates which have outstanding Argentine debt.

Bankers estimate that Argentina, which requires $7bn to $9bn this year in order to refinance its external debt, is looking for short-term help in the order of $1bn to $1.5bn.

# Reagan claims right to exceed planned defence budget limit

BY PETER BRUCE IN WASHINGTON

THE WHITE HOUSE yesterday warned that President Reagan intended to reserve the right to increase defence spending despite ceilings established by Congress last month.

Mr Larry Speakes, deputy White House press secretary, said President Reagan would not feel bound by the ceilings for fiscal 1984 and 1985 if he felt more funds were needed. He reserved the right to determine the military spending on a yearly-year basis.

Any extra spending would have to result in cuts in other parts of the budget or from additional Government revenue, Mr Speakes said.

Ironically, the Budget resolution, passed in June after months of partisan infighting, was hailed as a victory by the President. It included a call for a $30bn cut on the administration's defence spending plans through to 1985—$23bn of it in fiscal years 1984 and 1985.

The White House announcement brought a swift response from Mr Howard Baker, the Senate majority leader, who said he felt "very keenly" that President Reagan should adhere to the spending targets set out in the budget. Aides to other senior Republican senators were quoted as saying an upward shift of the ceilings in 1984 and 1985 would amount to breaking a promise.

Administration officials were reported to have said President Reagan came under strong pressure to signal his refusal to be bound by the ceilings from Mr Caspar Weinberger, the Defence Secretary. Other senior members of the Administration, including Mr David Stockman, the Budget Director, had argued that the move, even if it were merely symbolic, would anger Congress.

Anatole Kaletsky adds: Mr Paul Volcker, the Federal Reserve Chairman, said yesterday that the Treasury would have to borrow about $50bn in the second quarter and about the same amount in the next quarter. He also told the Senate Budget Committee that he agreed with the "General magnitude" of the $141bn to $151bn project for the 1983 Budget deficit announced yesterday by the Congressional Budget Office. The Reagan administration's deficit forecast, which will be published on Friday, is expected to be no more than $114bn.

# Gulf-Cities Service plan for merger faces block

BY PAUL BETTS IN NEW YORK

THE FEDERAL Trade Commission, the U.S. Government anti-trust watchdog, said yesterday it will seek to block the proposed $5.1bn merger between Gulf Oil and Cities Service.

The move was expected as the merger would represent the first in U.S. corporate history between two of the largest U.S. oil companies.

Gulf, which made a friendly $5.3bn cash and securities offer to acquire Cities Service, is the country's sixth largest oil company. Cities Service is the country's 20th largest oil company. The combined companies would have annual revenues of nearly $40bn.

The FTC said yesterday it had agreed in principle to issue an administrative complaint to challenge Gulf's acquisition of Cities Service. The commission is seeking to block the merger in a federal court until it completes its so-called administrative proceedings to determine the legality of the megadollar move.

The FTC said it believes the merger could increase concentration in the distribution of petrol to filling stations in a number of areas where the two companies are direct competitors. Gulf is the seventh largest marketer of petrol in the U.S. while Cities Service ranks 16th. The combination would make Gulf the fourth largest marketer of petrol in the U.S.

Gulf results, Page 27

## OVERSEAS NEWS

# Italy helps arm Somalia in Ethiopian border clash

BY JAMES BUXTON IN ROME

ITALY IS sending arms to Somalia to help it meet the emergency caused by fighting near the Ethiopian border, where Ethiopian troops are alleged to be involved.

The quantities are said to be small in comparison with the large-scale U.S. airlift of arms to Somalia which was disclosed last weekend, but the Italian equipment may be more quickly assimilated because Somalia already has Italian aircraft, helicopters and armoured personnel carriers delivered in the past three years.

Fighting has been going on since early this month in the Goldogob region, more than 200 miles north of the capital, Mogadishu. Insurgents from the Somali Democratic Salvation Front (SDSF), an Ethiopian-backed organisation opposed to President Siad Barre, claim to have taken the small towns of Goldogob and Balambale, and established a "liberated" area.

Somalia claims that some 10,000 Ethiopian troops have been involved in the fighting, as well as aircraft. It saya its troops have inflicted defeats on the opposing forces.

Ethiopia has consistently denied that its troops are involved, though it admits thet the SDSF has heavy military equipment. But the U.S. says it has evidence of the involvement of Ethiopian troops.

The aim of the operation is not clear. It has so far penetrated only about 20 miles into Somali territory from the undefined and disputed border, and kept clear of any substantial towns.

It may be a reprisal for the recent stepping up of operations by the Western Somalia Liberation Front, which is fighting Ethiopie in its Somali populated Ogaden region.

It may be part of the Ethiopian policy of putting pressure on the already shaky regime of President Siad Barre by setting up a well-publicised rebel administration in the occupied area. The third possibility is that this is the prelude to a formal invasion of Somalia by Ethiopia.

Analysts here consider the last possibility unlikely. But the fighting has had the effect of making the U.S. drop its long-held objections to sending arms to Somalia it had not previously implemented a 1980 agreement which entailed the supply of a modest $40m (£23.37m) worth of "defensive" arms because of fears that they would be used in the Ogaden.

Italy has a longstanding friendship with Somalia, part of which was an Italian colony, and the country is the biggest recipient of Italian aid. It was the only western country to help re-arm Somalia after its defeat by Ethiopia in 1978.

Last week Italy brought forward the signing of an economic agreement with Somalia to wipe out $63m worth of Somali debt to Italian companies and thus indirectly assist the Somali balance of payments.


# Hong Kong business warns on delay over colony's future

BY ROBERT COTTRELL IN HONG KONG

HONG KONG businessmen want to see the colony's political future decided this year or next, according to a newly-published poll of local companies.

Almost half the responding companies said they will freeze expansion of their Hong Kong business until Hong Kong's long-term status has been decided, while a further quarter said they are also considering diverting investment out of the colony. A few companies said they had already diverted capital.

The poll comes amid a fresh round of speculation over Hong Kong's future. Britain's lease over most of Hong Kong expires in 1997, and it is still unclear how far, if at all, China will seek to re-integrate the colony.

Mrs Margaret Thatcher, the Prime Minister, is scheduled to visit Peking in September and reports from there suggest that China may now be moving towards a formulation of its intentions.

The Chinese are said to want sovereignty of Hong Kong restored in 1997, and in such a way as best to preserve its prosperity. The type of administrative system which might accommodate these aspirations remains an open question.

The poll of business opinion, conducted by Dr Kenneth Leung, of Hong Kong's Baptist College, reports responses from chiefs of 543 local companies. Collectively, their investment in Hong Kong totals around HK$7bn (£700m), and their collective workforce tops 100,000.

Of the companies polled, 63 per cent said a decision should come this year or next if sheer uncertainty is not to jeopardise Hong Kong's prosperity. Over two-thirds of those companies wanted the decision this year. Only 7 per cent thought the issue could wait more than five years.

On investment, 25 per cent of respondents said the uncertainty would not affect their planning, and they looked forward to expanding in Hong Kong. But 43 per cent said they would freeze expansion until the uncertainty cleared, even though they expected the lease question would be resolved to benefit "most of the parties concerned."

A further quarter of companies said the uncertainty had "some effect" on their planning, and diverting of investment was coming under consideration. Another 3 per cent said the uncertainty had a "great effect" upon them, and funds were already being diverted.

An overwhelming majority of companies would prefer a deferral by 30 to 50 years of any effective change in Hong Kong's constitutional status, with a British Administration remaining in place, the poll shows.

# Higher taxes likely in Zimbabwe budget

BY OUR HARARE CORRESPONDENT

DR BERNARD CHIDZERO, the Zimbabwe Finance Minister, will today present his first budget since taking over the Treasury in February this year amid speculation of higher taxes and a programme of state spending curbs.

A year ago, Dr Chidzero's predecessor, Mr Enos Nkala, budgeted for a deficit of some £200m, but with supplementary appropriations this has escalated to nearly £250m. However, there is believed to have been substantial underspending, especially on the capital account, while revenue is likely to have been close to, or even over what was estimated. The actual deficit is likely to be more like £186m.

For 1982/83, expenditure growth is expected to exceed the inflation rate of 15 per cent, while revenue growth will slow with the downturn in the economy. This suggests that the Minister will be anxious to raise new revenues, especially as the Zimbabwe Government has been under pressure from the International Monetary Fund to reduce its budget deficit. A year ago this was forecast to be 10 per cent of Gross Domestic Product.

Mr Chidzero may increase marginal tax rates for upper income groups — those earning more than £13,000 a year — and this may be accompanied by some increase in indirect taxes on drink, tobacco and other non-essentials.

An increase in estate duties is also being predicted. On the general economic front businessmen—especially in mining and manufacturing — are hoping for news of Government financial assistance to exporters.

Speculation of a devaluation of the Zimbabwe dollar has died down recently following last week's announcement of an export incentive scheme. Details of which may be included in the budget.

Dr Chidzero is expected to have some proposals for improving Zimbabwe's strained external payments position. Official figures released yesterday show that exports fell 9 per cent in the first quarter of 1982 while imports were up 17.5 per cent. As a result, Zimbabwe's trade deficit widened to £57m in the first quarter from £13m in the comparable period last year.

MANAGEMENTS and unions in the car assembly plants of the Eastern Cape are still deadlocked over their biennial wage negotiation although most of the work force has now returned to work after 10,500 men went on strike 11 days ago, J. D. F. Jones reports from Johannesburg.

Ford, Volkswagen and General Motors, all of them wholly-owned subsidiaries of the international groups, are to meet the unions again next month in the forum of the regional Industrial Council. There is no sign of compromise agreements between the companies, which have offered a 9 per cent increase and the National Automobile and Allied Workers' Union (NAAWU), which has claimed 75 per cent.

# Chinese rocket technology leaps forward

BY TONY WALKER IN PEKING

CHINA APPEARS to have taken a big leap forward in space technology with the development of a three-stage liquid-fuelled rocket capable of launching satellites into "earth stationary" orbit, 22,300 miles above the Equator.

At this altitude the satellite remains stationary because its speed matches that of the earth's rotation—a perfect situation for communications satellites.

It has been known for several years that China was working on such a project, which will have important military and peaceful application. According to a New China News Agency report, China has set up a "large launching site" in Gansu province North-West China.

"It is equipped with tracking and telemetry equipment for monitoring and controlling vehicles and satellites during their ascent," the report said.

News that China is well advanced in the development of the rocket, designated the CZ-3, is a further indication of its sophistication in such technology. In May, 1980, China launched an Intercontinental ballistic missile into the Pacific, a distance of some 5,000 miles. The successful launch of the ICBM, the CSS-X4, was seen as a warning to the Soviet Union that China now had the ability to launch a nuclear attack against cities like Moscow.

Today's report gave no indication of when the CZ-3 would be tested or when it was expected China would have a satellite in earth stationary orbit. China successfully launched its first satellite in April 1970, according to the agency, and since then 11 scientific and technological testing satellites of different types have been placed in orbit.

# Iran gives Iraq 'time to think'

By James Dorsey in Kuwait

IRAN IS adopting a low-key posture in the Gulf war in the hope that Iraq will seize the opportunity to fulfil Iranian conditions and end the war, Hojatoleslam Rafsanjani, Speaker of the Iranian Parliament, told Tehran Radio yesterday.

Following a meeting with Iran's spiritual leader Ayatollah Khomeini, Mr Rafsanjani went on to say that if Iraq does not respond to this gesture, Iranian troops will push further into Iraqi territory, possibly as far as Baghdad, the Iraqi capital.

Iran is believed to be seeking a way out of the war following its invasion of Iraq two weeks ago which has made little headway. Diplomats say that the Speaker's statement appears to be an attempt to contribute to a peaceful solution of the conflict. Iran's terms are thought to be unacceptable to Iraqi President Saddam Hussein, however.

## Withdraw

Mr Rafsanjani said Iraq must withdraw its troops from Iranian territory, pay war reparations and that the "aggressor in the Gulf" (President Saddam Hussein) must be punished if any settlement is to be reached. He mentioned no specific amount for war reparations, but Iranian leaders in the past have demanded $150bn (£88bn). He also demanded access to Jerusalem through Iraq.

The Speaker pointed out that Iran once again is giving President Saddam Hossein time to think. "If he doesn't notice, we will go forward," he said, claiming that Iranian troops could reach Baghdad if they wished. Mr Rafsanjani warned that the longer Saddam took to fulfil Iranian demands, the more guilty he became.

Iran's invasion of Iraq has advanced until now according to plan, claimed Mr Rafsanjani. Iranian troops are believed to occupy a 2km deep strip of Iraqi territory North-East of the port of Basra.

Mr Rafsanjani pointed out that Iran gave ample prior warning of its plan to invade Iraq and that Iranian troops only poured across the border after Iraq failed to respond to Iran's peace terms.

# Mubarak offer to Palestinians

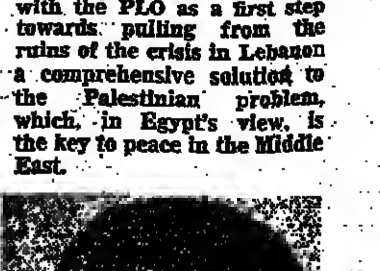
By Charles Richards in Cairo

PRESIDENT Hosni Mubarak of Egypt may be prepared to take in a number of the Palestinian Liberation Organisation (PLO) fighters, trapped in West Beirut, according to Congressman Paul McCloskey, one of five U.S. Congressmen touring the Middle East, who met Mr Mubarak in Cairo yesterday.

Mr McCloskey said that if the Palestinians had the hope of a homeland, then Mr Mubarak thought that they could be evacuated and dispersed in various Arab countries. But he could not consider taking, say, 3,000 Palestinians unless it was clear that they had a concrete commitment from the U.S. that there would be hope for the establishment of a homeland in the future.

Earlier, an Egyptian Foreign Ministry spokesman denied reports that Egypt had bowed to a demand by President Ronald Reagan's special Middle East envoy, Mr Philip Habib, that Egypt should accept up to 3,000 of the Palestinian fighters in West Beirut. The spokesman said Egypt could accept the departure of the Palestinians from West Beirut only within the framework of a longer-term solution to the Palestinian problem.

Egypt has repeatedly urged the U.S. to start a dialogue with the PLO as a first step towards pulling from the ruins of the crisis in Lebanon a comprehensive solution to the Palestinian problem, which, in Egypt's view, is the key to peace in the Middle East.



President Mubarak: aiming for a Palestinian home

# Motorway magnet for multi-million pound business boom

BRITAIN's latest motorway extension is bringing a multi-million pound business boom to one northern town.

The M63 Cheadle to Portwood extension, due to be opened tomorrow by the Secretary of State for Transport, The Rt. Hon. David Howell, puts over a quarter of the country's population within 1 hour's travelling time of Stockport, which is now described as the "economic hot spot" of the North West.

Investment funds have been pouring into the town at the rate of £7m a year. In this year alone, the town has secured firm commitments for £45m worth of investments, with proposals for a further £4.5m in the pipeline.

The expected yield for employment is about 5,000 new jobs.

A further indication of the town's rising prosperity is its relatively low *unemployment level — almost half* the regional average.

Current development projects include retail schemes, prestige offices and "high-tech" industrial sites. The biggest single scheme will be a 150,000 square feet extension to the town centre shopping precinct. The developers, Whitecroft Developments Ltd., are confident of its success.

Peter Goold, Whitecroft Development's director, says, "Stockport has a successful shopping precinct next to an ancient open air market. There is an opportunity for a prestige retail facility to satisfy the spending power available within its huge catchment area."

Mr. Goold believes that Whitecroft's development will bridge the "upmarket" gap and provide the finishing touch to Stockport's shopping complex.

"This development will be to a very high standard because we want to cater for prestige retailers. We are working in close partnership with the local authority," he added.

Nearly 1.5 million square feet of construction work is under way or proposed, including 300,000 square feet of shopping facilities, 340,000 square feet of offices and 334,000 square feet of industrial land. The balance is mainly recreational and sports projects.

One strategic office development about to be launched is Orbit's 76,000 square feet Daw Bank project *sited between the town's* bus and rail stations. Orbit recently *completed a £1.5m shop, office and* entertainments complex next to the precinct.

Almost 90 per cent of the office and factory space completed in 1981 has been let and of the 12 developments due for completion in 1982, 9 have been let in advance.

Stockport is benefitting from the big business exodus from city centres. Retailers in particular are attracted by the borough's combination of relatively low rates, and high-spending shoppers.

The causal factor is not greed; it is a question of being in the right place at the right time.
The profile below examines some of the other factors.

# Stockport's success: the cuckoo effect

MENTION Stockport and some people think of Scunthorpe or Salford — another of those "northern places".

In fact, Stockport is an historic *market town* on a wave of good fortune, finding itself at the nexus of an *international communications* network.

It is definitely not all beer, flat caps and skittles. It is hang-gliding, lacrosse, archery, a spot of shooting on the moors, and acres of good golf, in "gin and Jaguar" country.

Local affluence is typified by the style of Bredbury Hall Country Club, a salubrious 'watering hole' for executives, with swimming pool, 50 bed-roomed motel, and 10,000 international membership.

Stockport nestles on the foothills that start the climb to the Pennine range and the majestic escarpments of the Peak District.

Seven miles to the North is Manchester, offering "capital city" financial services, prestige university research and extensive media and *publicity expertise.*

Further afield, within two hours journey time are the Lakes, the Dales and Snowdonia.

The most affluent borough in the Greater Manchester County, Stockport poses a challenge to its *poorer* neighbours. Cuckoo-like, Stockport grows fatter at some serious cost to Manchester itself.

It tops the country's home and car ownership league tables; one in five families owning two cars, and substandard dwellings less than 1 per cent of total.

*Status housing estates attract* a high proportion of managerial and professional buyers. They commute out, but prefer to live in the Stockport environment.

Educationally the town again scores highly, both in primary school standards and in the secondary sector. It reached top position in the "A Level" league.

Thirty specialist colleges and two universities are available, in addition to the town centre College of *Technology.*

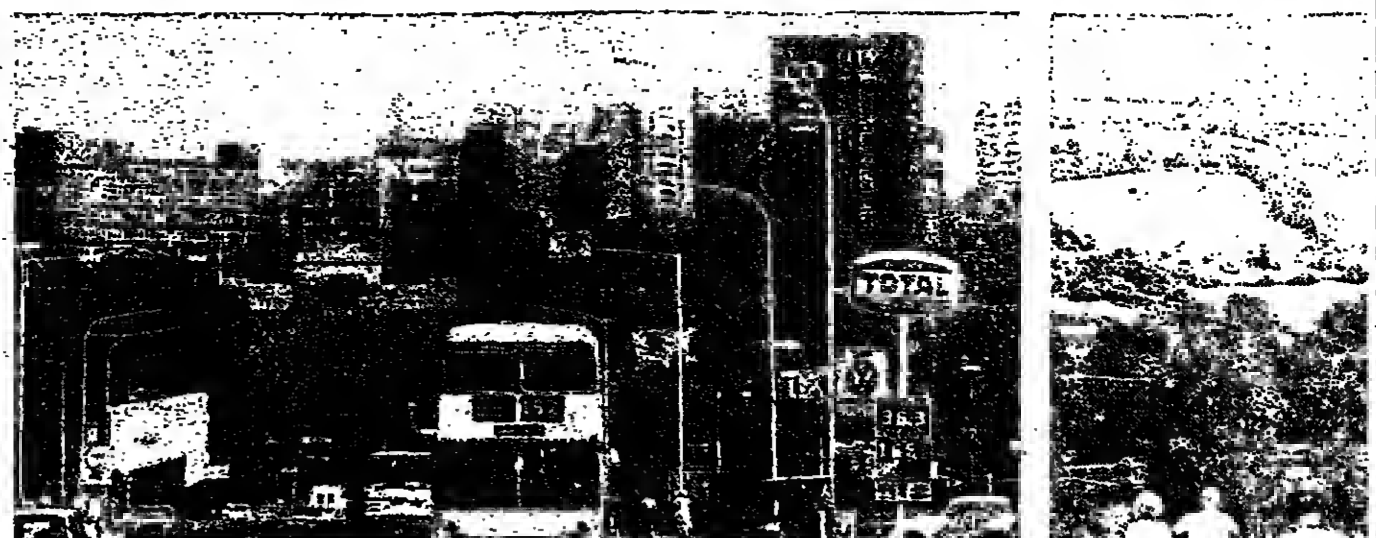
According to the North West Sports Council, Stockport also has the widest spectrum of recreational protected country parks and wildlife reserves. Stately home Lyme Hall and its deer-inhabited parkland draws locals and tourists all year round.

Sightseers also swell the crowds in the weekly market; colourful open air stalls in a mediaeval square overlooked by fourteenth century St. Mary's Parish Church.

Perhaps a wrong impression has in the past been given by the vista *greeting those approaching* by rail.

Ironically it is there that probably the last few "eyesores" have yet to be facelifted — coal yards and the rear end of an elderly council estate.

Stopfordians tell with glee the story of the television film makers from the south who selected their home town for a doom-laden documentary about a typical dying textile town. They unloaded a lot of equipment, and even more personnel, and then had to pack up and leave. They couldn't find enough bad material to shoot — it was too good for them. . . .




Stockport's thrusting town centre sky-line, overlooking the M63 motorway, has more than a hint of Hong Kong's commercial bustle.
Five miles away is the wide open countryside of the Peak District and the Cheshire plain.

# Foreign banks move in

NEARLY fifty overseas banks have now established branches within easy reach of Stockport. The latest addition is the Israeli Bank Hapoalim.

These banks — representing the USA, Canada, Western Europe, Scandinavia, the Middle East, the Far East and Australasia — are situated in Manchester's "square mile", which is about 15 minutes commuting distance away.

The close presence of merchant banks such as Rothschild, Hill Samuel, Charterhouse and others, together with regional headquarters for the Bank of England and the "*Big Four*" clearing banks, have given Stockport companies immediate access *to international financial* services.

A number of banks have been involved in the preparation of Stockport's economic development plans. Mr. William Burton, National Westminster Bank's area director for East Cheshire, said, "There is *here an impressive potential for* growth, even during these *recessionary times.* It is a key centre. We are certainly looking to make our complete range of *financial* services available to commercial and personal customers, or indeed potential customers, whether large or small".



# North-West shopping war

EVIDENCE is emerging of a big shift in shopping patterns in the Greater Manchester area. A major beneficiary of the change is Stockport whose trade, it is claimed, is growing at the expense of its neighbours.

One factor is the exodus of business operators from city centres, leaving places like Manchester battling for survival and plagued with closures.

Stockport, however, claims to be winning. It has about 14 per cent of the retail floorspace in Greater Manchester yet it is managing to get more than 20 per cent of the county's retail turnover.

Four years ago 6.2 per cent of Stockport's town centre shoppers came from Manchester; today the figure is 19 per cent. In 1978, 6 per cent travelled from neighbouring Cheshire; last year the figure had risen to 11 per cent. Likewise the proportion of Derbyshire-based shoppers increased from 1.5 per cent to 8 per cent in the same period.

Estimated annual turnover in the precinct built by the Hammerson Group in the early sixties, exceeds £50m, durables accounting for 80 per cent of this.

There has also been an increase in customers' spending power. In 1978, 33 per cent of the shoppers spent more than £50 each (at today's prices) per trip. Today 55 per cent are spending that amount.

Last year the local council joined with retail operators in a vigorous campaign to retain the town's share of the Christmas market. Aggressive publicity plus tactical infiltration, of promotional literature and maps, directly into competing conurbations produced a substantial increase in trade.

Stockport has ringed its town centre shopping precinct with cheap parking for up to 12,000 cars a day, and this is a key factor in the town's claimed success.

● According to 1981 Census information published by Greater Manchester Council this week Stockport had the lowest unemployment rate of any Metropolitan district in the country outside London.

# 100% success for high-tech college

EXAMINATION pass rates "well above national average" have continued at Stockport's College of Technology.

According to the annual report, the degree entrants were 100 per cent successful for the third year running. In most other courses the collective pass rates were also high.

Courses producing 100 per cent passes included BSc Chemistry; BSc Mechanical Engineering; Certificate in Social Service; Foundation Course in Overseas Trade; Small Firms Management; and Institute of Road Transport Engineers.

*The town centre college,* which has 12,000 full and part-time students, has a *local, national and* international student intake.

# Blade start work

BLADE Construction Ltd. have started work on a four-storey office block adjacent to Stockport's shopping precinct.

The building, 26,000 square feet with tinted solar glazing, will be 200 *yards from the M63 and 400 yards* from a main-line rail station.

*The Blade Group* has a gross rental income of £216,500 from its commercial *portfolio* in the conurbation, it also has a £2m turnover from residential developments.

# "Social Services need business efficiency"

*SOCIAL SERVICES* do not have to suffer simply because of reduced expenditure, according to one local authority. It is all a question of "*managerial skills, entrepreneurial* flair, and a bit of business efficiency."

Mrs. Barbara Miller, the chairman of Stockport's Social Services Committee says, "The cost-conscious management of resources should lead to even more compassionate help for those in need. We have proved it."

*In 1978,* in partnership with an electronics company and a local security firm, the council pioneered a radio-controlled alarm system to monitor the safety of elderly people "at risk".

Previously the council had relied on the use of wardens to take care of *elderly people needing emergency* care.

The switch to an electronic system has not only reduced unit costs by 50 per cent but also allowed the council to double the number of people cared for. *Unlike* wardens, electronic alarms are operational 24 hours a day, 7 days a week, 52 weeks a year.

*The council* had abandoned the issue of free bus passes for the handicapped because of escalating costs. Of the 1,000 passes issued, at a cost to the council of £30 each, many were scarcely used.

The council converted a mini car to take wheelchair passengers. A taxi-type service was inaugurated and is now operated by a local club for handicapped people. The current cost to the council is £8,000 a year, a saving of at least £20,000 a year.

# NY in 6½ hours

TRANSATLANTIC travellers can now start their breakfast at 7.30 am in Stockport and finish it at 9.30 am in New York.

The timetable becomes possible with the opening of an expressway straight from the town centre to the departure terminal at Manchester International Airport.

Mrs. Ann McGuinness, an executive secretary working locally, who worked out the schedule said, "At 7.30 am, a businessman can start a board meeting over breakfast with his colleagues in Stockport. At 8 am he can leave by car to catch the 8.20 am air shuttle to London. He can then take the 10.30 am Concorde flight, arriving in New York at 9.30 am local time. He will be just in time to join his New York colleagues finishing their breakfast-time board meeting."

Businessmen who have more time to spare can take a subsonic flight arriving in New York at 1.35 pm local time.

# Daffodil Marathon

OFFERS OF commercial sponsorship have been invited for the first mass-spectator sports event of next year's athletics season.

Stockport's "Daffodil Marathon", is probably the most gruelling road marathon in the UK. Part of the course snakes through the Pennine foothills on the east of the borough.

This year 250,000 people watched the race along a route lined with 300,000 daffodils planted by the local authority. Runners included serious competitors from the UK and abroad, plus hundreds of individual charity-sponsored entrants. Next year's race will take place on Sunday April 10.

# Third private hospital?

PLANS to build a third private hospital in Stockport have been *temporarily shelved following a furore over the original planning application.*

The developers wanted to build a *72-bed hospital on a green belt site* in Cheadle. Although the planning applications conformed with green belt requirements, it was strongly opposed by local residents.

Besides having two private hospitals and a private clinic within its boundaries, a new BUPA hospital not far away, the area is served by five NHS hospitals, including a 117-bed modern maternity hospital, and ten health centres.

Also nearby is the University of Manchester Medical School, the largest and best equipped in the country, and the Christie Hospital, the biggest cancer-treatment hospital in Europe.

# Rates Check

A CHECK-LIST to help companies in their battle against high council rates has been produced by Stockport Council's PR Unit.

It lists measures companies can take to get a reduction in their rate *bills and* gives advice on how to pressurise a local council to keep its rates down.

The 'check-list' format makes it a quick easy reference for managers, and it can be easily distributed to branches and depots.

The information contained on this page has been written and produced on behalf of the Metropolitan Borough of Stockport by Brendan P. Murphy and Stewart Faton.
For further information about the borough or the details of any company advertised on this page contact the above Board at— PR Unit, Town Hall, Stockport [illegible]

# WORLD TRADE NEWS

## Apple Computer sues two Hong Kong companies

BY ROBERT COLLETT IN HONG KONG

APPLE COMPUTER of the U.S. has this week brought lawsuits against two Hong Kong companies alleging infringement of its patents, trademark and copyright.

The actions against the two companies began with the awarding of a court order to Apple last week, allowing it to seize property relating to the alleged infringements. At a subsequent court hearing in Chambers yesterday, the two defendants were not represented.

Apple sells around 60 to 70 full court hearing after the summer recess unless an out-of-court settlement can be agreed. Apple is seeking undisclosed damages, related to revenue it believes it lost owing to sales of the alleged counterfeit products.

The Apple-type computers at the centre of the California company's lawsuits are not made in Hong Kong. Some are assembled in the colony in what one official describes as "garage-type" operations.

Apple sells around 60 to 70 computers a month in Hong Kong. Local estimates for relative sales of Apple-type computers run between 5-15 to every genuine Apple original sold. The standard 38K Apple II retails locally at around HK$8,400 (£840). The copies are typically priced at HK$3,000 or less, though some dealers are said to pass off imitations as genuine Apple models in order to command a price as close as possible to the original.

The patents for which Apple is claiming infringement relate to its visual display unit and colour display technology. The trademark is the Apple name, and the copyright action relates to handbooks supplied with the computers. Apple is understood to be more concerned with stopping the claimed infringements rather than winning damages.

Bob King in Taipei adds: The Apple company has completed the first step in a home computer copyright infringement suit.

Mr C. V. Chen, a lawyer with the firm of Lee and Li said he had obtained a court order for the seizure of home computers from one company in Taiwan. He suggested Apple would commence legal proceedings against other Taiwanese concerns.

The legal actions come about half a year after cheap "Apple II" home computers began appearing in record numbers both in Taiwan and in other parts of Asia. The cheap computers apparently originated in Taiwan, but electronics companies elsewhere were quick to start up copying operations of their own.

One official in Taiwan estimated that there are as many as 50 companies turning out an average of 100 computers each per month. The computer's major attraction is their low price: about $250 (£146) each for the basic computer, compared with a suggested retail price of about $1,500 for the original Apple II in the U.S.

But until recently it was not clear what legal claim Apple had against them. Most parts for the computers are available from numerous semiconductor manufacturers. In addition, Apple had not registered copyrights on key parts of its computer in Taiwan.

But according to Mr Chen the firm registered its read-only memory (ROM) operational code in Taiwan several weeks ago, and this apparently forms the basis for the copyright suits.

Mr Chen said the purpose of the lawsuit is to achieve a cessation on the production of the computers rather than to seek damages.

## U.S. clamps down on electronics exports

By Our Hong Kong Correspondent

THE U.S. has clamped down on exports of equipment to Hong Kong electronics companies which it apparently fears may serve as a back-door route into China for exports.

The Hong Kong Government has asked Britain to look into the restrictions. Although Hong Kong conducts a largely independent trade policy, it acts as a satellite of Britain for the purposes of the Co-ordinating Committee (Cocom) agreement now being invoked by the U.S., which is intended to restrict exports of strategic commodities to Communist countries.

The Hong Kong companies affected are reacting in determined fashion, saying they will find substitute technology elsewhere, or even U.S. technology through indirect routes.

The U.S. appears to have tightened its policy to an effectively anomalous extent, since Hong Kong companies say some of the equipment now embargoed is identical to that imported into the British colony in earlier years.

The Hong Kong companies affected by the hold-up are in the colony's nascent micro-electronics sector. Integrated-circuit manufacturing only began in Hong Kong last year.

It is far from clear in Hong Kong how U.S. authorities draw the line between acceptable and unacceptable links between Hong Kong companies and China. Commercial links of one form or another with the People's Republic are routine among companies in the colony.

## India to aid Vietnam in engineering

INDIA is to help Vietnam build up an engineering industry, and the Association of the Indian Engineering Industry has been asked to promote relations with the Chamber of Commerce of Vietnam, K. K. Sharma reports from New Delhi. The two organisations have signed a memorandum of co-operation.

It has been decided to set up textile mills in Vietnam with Indian machinery and technology.

Michael Holman, recently in Luanda, describes a potentially rich market

## Angola seeks Western expertise

ON THE FACE of it, Angola should become one of Africa's more encouraging markets. A billion-dollar investment programme in the oil sector alone by the mid-1980s should double production in the same period and generate foreign exchange for investment in other sectors.

The ruling MPLA an avowed Marxist party, makes it clear that it needs and wants Western capital, credit, expertise and technology. "It is true, says Sr Paulo Jorge, the Foreign Affairs Minister, "that according to our ideological options we have a preferential relationship with Socialist countries, but this doesn't prevent a relationship with the West.

"Everything depends on mutual respect and mutual advantage."

Mr John Haden of Harbert International, a U.S. construction company, waxes enthusiastic. "I begin work on the basis of a handshake," he declares, such is his confidence in the integrity of officials of the Angolan Government and the state-owned corporations with which he does business.

While there have been delays in payments on contracts, the Government had scrupulously followed the terms, he said, and paid interest on overdue amounts.

But from one prominent member of the foreign business community in Luanda, recounting problems created by import curbs and shortages of everything from spare parts to mechanics, basic foods to light-bulbs, comes stark advice to would-be investors: "Look elsewhere in Africa."

It should be said that the gloomy advice to look elsewhere is ignored by many companies outside the oil industry. In the past few months, a fishing boat order has gone to Societa Esercizio Cantieri of Italy; Creusot-Loire Entreprises of France secured a FFr 162m (£15m) contract for completion of a Luanda textile plant and Belgium's Picanol Weefautomaten will provide the weaving machines.

GE of the U.S. will supply 12 diesel electric locomotives for the Benguela railway, worth nearly $7m, with Eximbank support. Just last week Italimpianti of Italy announced a L21bn (£8.8m) contract to build a plant which will make galvanised water supply pipes.

The government is anxious for foreign participation in agro-industries, for example, and in major construction projects. When Sr Lopo do Nascimento, the Minister of Planning and External Trade, was asked recently what advice he would give a trader or investor, he replied: "First read the Five-Year Plan."

It is sound advice, for under Angola's rigidly controlled, centralised and state-run economy, any project not covered is unlikely to get off the ground.

Attractive financing and credit terms will also be critical, for the country is facing a serious foreign exchange shortage. The combination of falling oil and diamond prices, and a drop in coffee production saw a 1981 shortfall of $350m (£206m) in forecast export receipts.

Half way through last year the Government responded by introducing stringent import curbs which has left no one outside the oil sector unaffected. "Our foreign exchange allocation this year was about half the 1981 level," says one businessman, and that appears to have been the scale of reduction throughout.

For many of the companies that have held on through the post-independence era of the mid-1970s the decision to stay has been an act of faith. "It is a potentially rich country," says one, reminding his listener that before independence in 1975 Angola's per capita income in sub-Saharan Africa was second only to South Africa. "We would be silly to give in now." But, he warns, "There will be no big profits for the next three to four years."

For those that have stayed—such as UK's Hull Blyth which assembles Landrovers times may be trying. But companies attempting to break in have an even more demanding task.

It ranges from difficulties in obtaining visas, hotel rooms, the rare taxi that can only be allocated by government to the fact that there is no formal tendering system. "We hear on the grape-vine," says one old hand.

Angola does have a Foreign Investment Act, introduced in 1979 and modified earlier this year, but it has attracted a negligible response, and its provisions have not really been tested.

In these hard times Angolans are looking closely at a number of factors. "The Angolans have never been mean about buying quality," said one dealer in heavy machinery. "What they also want is service."

Two examples illustrate this: a Volvo deal to supply 300 buses included driver training, mechanics to service the buses and train Angolans, and insistence that the roads on which the vehicles travelled were repaired. The result is that urban transport is one part of life in Luanda which has improved, and Volvo enjoy a high reputation.

Hull Blyth has won goodwill by establishing a small training school for mechanics.

But at the end of the day, there is one overwhelming question: will the current efforts to find a settlement in Namibia (South West Africa) succeed and bring peace to southern Angola and cut defence expenditure which currently consumes some 50 per cent of foreign exchange earnings?

**ANGOLA**

**Breakdown of Exports**

| | 1979 % | 1980 % | 1981 % |
|---|---|---|---|
| Oil | 61.5 | 76.9 | 77.9 |
| Diamonds | 12.9 | 12.7 | 12.6 |
| Coffee | 14.0 | 9.1 | 8.5 |
| Other | 11.6 | 1.3 | 1.0 |

Source: Banco Nacional de Angola March 1982

**British businessmen yesterday were urged to consider new markets in Angola over the next 12 months, and establish themselves in anticipation of an economic upturn.**

**Mr Dennis Ford, head of the Sub-Saharan Africa branch at the Department of Trade, speaking at a seminar on business with Angola organised by the Department, forecast oil production of 300,000 barrels a day by the end of the decade.**

**Speakers at the meeting, attended by nearly 100 businessmen, heard that continuing oil expansion and prospects for a settlement in Namibia (South West Africa) made Angola an important potential market which has hitherto been neglected by UK companies.**

## Karachi duty-free takes strain

BY DAVID DODWELL, RECENTLY IN KARACHI

KARACHI AIRPORT is unpleasant at the best of times, but at 2 am, two days before the annual Islamic festival marking the end of what in Pakistan is called Ramazan, not Ramadan, it was bedlam.

Swarms of Pakistani labourers, returning home from the Gulf weighed down with the spoils of work, clogged the sweltering baggage hall. Squabbles broke out as each tried to recover the bundles and crates—some big enough to carry washing machines—that trundled unsteadily around the delapidated conveyor belts.

It was to relieve the airport of this constant scrummage that the Pakistani Government struck on the idea of setting up a duty-free zone in Karachi for homecoming migrant workers from the Gulf states.

Instead of having to haul their duty-free goods from Dubai, Abu Dhabi or elsewhere in the area, Pakistan's 1.5m overseas workers can now return to Karachi unladen and buy all of their duty-frees in a new complex half a mile from the airport.

The authorities say the complex will not only take the strain off the travelling worker, but also off the country's national carrier, Pakistan International Airlines (PIA) and off Karachi's primitive airport facilities.

To addition, since Pakistan's migrant workers are estimated to spend about £1bn a year on radios, stereos, colour televisions, videos, fridges and other items not available inside Pakistan, the complex would allow the Government to draw more of the cash earned by the workers into the country.

Official remittances last year were over $2.2bn, almost matching earnings from visible exports.

When the complex opened in May, sales amounted to about $10,000 a day, but the authorities hope for 10 times that figure.

However, if the recent scenes at Karachi Airport are any guide, then the majority are still choosing to buy their gadgets in the Gulf. Few of those approached knew the complex existed.

They were also sceptical about how it would work. Would the objects they wanted be in stock? Would they be as cheap as in the Gulf? Wouldn't the journey out to and back from the complex add to the strain of an already tiresome journey?

The Pakistani authorities are not daunted. These are still early days, they say. Extensive surveys have been carried out among workers to discover what they want, and to ensure the right goods are stocked.

If the idea takes off, then similar duty-free warehouses will be opened in Islamabad, Lahore and Peshawar.

## Soviet Union export cover to cost more

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

BRITISH exports to the Soviet Union sold on medium or long term credit are likely to be further stifled by a decision of the Export Credits Guarantee Department (ECGD) to raise export insurance premiums by between 30 and 40 per cent for that particular market.

Hitherto, premiums on Soviet business have been around £2.25 for every £100 insured when sales have been on credit terms of over two years. The new ECGD measure will raise premiums to about £2.92-£3.15 for every £100 insured.

The premium level on Soviet business until now has been set to reflect the Soviet Union's good record of prompt payment on contracts. But ECGD is downgrading its assessment of the Soviet Union from its category of lowest risk.

ECGD works broadly on four categories of risk. The difference in premiums between the lowest risk countries to the highest is roughly between £2.25 and £4.75.

The ECGD decision was apparently ratified at the July meeting of the ECGD Council, an advisory body of businessmen and bankers that meets about every month. Following the ratification, ECGD has written a circular letter to comprehensive policyholders.

The letter is also understood to have informed policyholders that premiums are being raised for medium and long-term credit business in Antigua and Guatemala, following their downgrading in ECGD's credit ratings.

ECGD's decision on the Soviet Union does not affect business done on short-term credit.

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# UK industry faces "subsidy trap"

THE JUNGLE of government subsidies which has grown up over the past 20 years, must be rationalised soon, otherwise many British industries could be stifled.

This was the theme of a strongly worded attack made yesterday by a North West council leader, on "futile state aid schemes."

Mr. John Lloyd, who heads Stockport Metropolitan Borough Council, in Greater Manchester, told businessmen that unrestricted grants were like "opium"; they could become addictive and sap the competitive vitality of even healthy firms.

He said, "Subsidies and incentives are essential in modern society but if they are given out wholesale they could end up destroying the very people they are supposed to help."

He called for a rationalisation of the industrial grants system. No-one could blame firms for taking advantage of what was offered. The danger comes when subsidies were built into their financial foundations.

"Look at the world-wide mess of the steel industry. Governments everywhere have been vying with one another to prop up their steel companies with subsidies. And now no-one can afford to sell steel at the price it costs to make."

He favoured cash assistance for the establishment of pioneering projects, but not merely to move a factory from one place to another and certainly not to discriminate between one company and another. "Remember," he warned, "One firm's subsidy is another firm's tax rise."

The only incentive really needed by industry was the opportunity to create profits, and he said, it was up to central and local government to ensure that opportunity exists.

Mr. Lloyd wanted to see greater co-operation between councils and their local business communities. "That means less red tape and a more understanding approach to industry's problems. That's my Council's approach."

John Lloyd – "subsidies distort competition".

His council, at Stockport, had publicly acknowledged the need for business profits — "because ultimately they fund all social and community services."

He stated, "Unchecked subsidies distort competition, and falsify the picture of a company's performance. In bad cases management's urge for profit and economic growth becomes debilitated. Then, when the wind of recession blows hard, those who based their growth on public subsidy find themselves bankrupt both of cash and ideas." De Lorean was one recent example of this trauma.

Mr. Lloyd admitted he was critical of the way governments fostered "an addiction to subsidies" through the promotion of enterprise zones, the continuation of "feather bedded new towns" and the establishment of industrial development quangos.

"Many industrialists had been disappointed with new town performance," he said; "after initial success they found themselves in the second line of collapse as the recession bit.

"Despite their subsidies, these towns are still pleading for business and still suffer high unemployment levels."

The "monumental new town of all time" was Brasilia, said Mr. Lloyd. "Planners can dream up new towns and cities, but the market decides the outcome."

# Factory employs new energy-saving techniques

A FAST expanding company which specialises in advanced technology energy management is due to move into a revolutionary new factory which will itself be used as a demonstration model to other areas of industry.

The £750,000 first phase on a two acre site at Bramhall Moor Industrial Park, Stockport, will be unique in Europe, making maximum use of free energy.

JEL Energy Conservation Services Ltd., will use a passive solar system for heating their new plant, and full use is to be made of natural light. There will be constant monitoring and auditing of energy usage. The factory will also incorporate a computer-linked satellite communications base to regulate and monitor JEL's overseas installations.

JEL recently won a £200,000 contract to install computerised energy management in 15 Ladbroke hotels, from northern Scotland to south west England, with a central control in London.

Heating bills for Ladbrokes Hotels Division last year totalled more than £1.25m; savings of 15 per cent were anticipated.

## Prime US site

SMALL industrial units in a key US location, next to the world's busiest airport, Hartsfield International in Atlanta, are being developed by Penfith Ltd. of Poynton.

Through their North American subsidiary, Penfith Developments Corporation, they have bought a 45 acre site in the Airport Perimeter Park.

Penfith will be applying their experience based on a series of UK nursery unit developments. Warehouses or distribution centres are being offered for accommodation next month.

## Popular killer

IN A remarkable sales effort, a British electronics market has been established in Hong Kong by a small firm selling devices which kill flying insects.

Insect-O-Cutor Ltd., of Lawnhorst Trading Estate, Cheadle Heath, with just 15 staff, is on target for a £750,000 turnover and has full order books for its ultra-violet insect exterminator.

The machine, consuming less power than a small light bulb, attracts flying insects, destroys them on an electrified grid which is safe to humans and pets, and collects the "corpses" in a tray.

Many hotel and restaurant chains and international food manufacturers use the devices. Manama market, in Bahrain, has 300 installed.

## Good for the sole

THE UK'S biggest producers of resin rubber shoe sole material is experiencing a boom due to a change in fashion.

Salpa Kay Ltd., part of the Chamberlain Phipps Group, are working double shifts to supply shoe manufacturers. The highly automated plant at Stockport, Greater Manchester employs 130 and exports one third of its production to the Far East, Nigeria and Australia.

Mr. David Gunn, director and general manager said: "Women's shoe fashions can have a direct bearing on our output. We were relatively quiet a couple of years ago when the fashion for thicker soles came in. Now fashion shoes are back and we are extremely busy again."

# The town that refuses to flinch in the face of recession

ALMOST laughing in the face of the recession, a former mill town has produced a remarkable success story.

Where for example would you find in one compact urban and semi rural setting, companies busy selling oil to the Arabs, electronics to the East, and chemical plants to the Russians?

The place which appears to have the answer is Stockport, South of Manchester.

The borough, once known only for its spinning mills and hatting, is obviously making the best of bad times.

They supply wiring systems for QE II, Concorde, Jodrell Bank and nuclear power stations; they produce instruments for Polaris, Phantoms, Voyager and South African diamond dredgers.

Of course, there have been casualties, mainly in heavy engineering, and some in trades left behind by science. Stockport has not, however, turned its back on tradition completely; they still send stetsons to Texas. But for the rest, it has been a question of getting onto the economic lift now, before it takes off, leaving the industrial Jeremiahs still crying in the basement.

There is an air of being in the right place at the right time in Stockport; the local council appears deliberately to adopt an almost laissez-faire approach to industry and commerce.

Mr. John Howe, chairman of the authority's development committee says: "Bureaucratic interference does not work. Towns, trade and communities must be allowed to grow organically. Our job is to nurture and guide this growth. On occasion we do regulate it, but we cannot defy the laws of the market."

The practical non-interventionist approach is certainly showing impressive results.

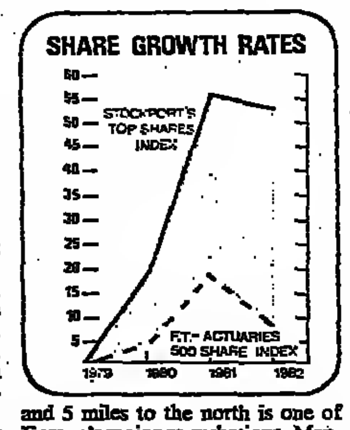
Stockport long ago saw the dangers of becoming a one-industry town; they rapidly diversified after reaping the remaining benefits from textiles, encouraging heavy engineering in particular. Anticipating its decline in the sixties the emphasis was switched to distribution and commerce.

By the seventies the move into high technology was already underway. Today's diverse industrial portfolio has enabled it to ride the recession without cataclysmic closures.

Interestingly, Stockport does not boast a roll call of giant blue chip companies. It has some high-flyers, such as Simons and Ferranti, but the main thrust for economic growth has come from hundreds of small and medium sized companies in both traditional and advanced industries.

Stockport now has on offer what must be the prime industrial site in Europe — the 77 acre Industrial Park at Bredbury. Located next to the final link of the motorway network that will encircle Manchester, 15 minutes from the airport, and 30 minutes from the docks, Bredbury Industrial Park is unique.

Mr. Howe says, "The attraction of this site is not just its communication advantages but its environmental location — 5 miles to the south are rugged hills of the Peak District and 5 miles to the north is one of Europe's major conurbations, Manchester."

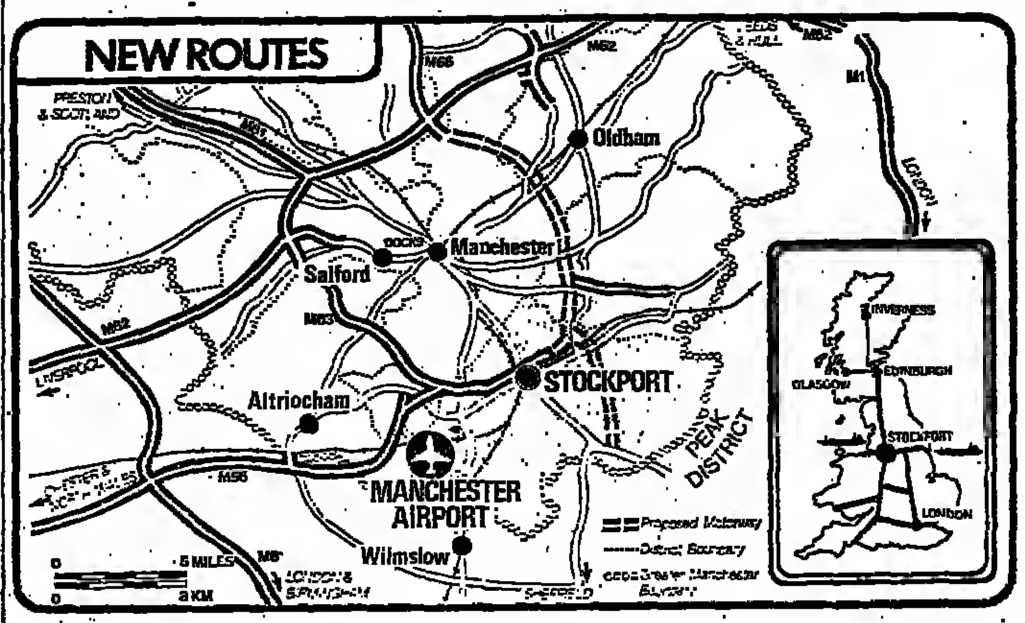



Here on this site the industrialist can enjoy all the advantages of a "capital" city — banks, universities, media, financial services — without having to pay sky high rates.

Advance factory space is being currently rented at £2 to £2.25 a square foot, while selling prices for quality premises range from £15 to £30 per square foot. Last year over 150,000 square feet of advanced factory and warehouse accommodation came on the market. Only 7,500 square feet remain vacant.

At present, nearly ¼m square feet of industrial space is being developed. All but 100,000 square feet of it has been wholly or substantially already let.

With its clean air environment — (the prevailing wind comes south west from Snowdonia) — its highly skilled workforce (one in 12 has a degree) and its stable industrial relations (no locally-based major strike for ten years), Stockport believes it is emerging from the recession as the economic hot-spot of the north west.




# Private sector Motorway?

CONSTRUCTION of a long awaited by-pass to Europe's most overloaded trunk road could be expedited by privatising the development.

This possibility has been raised by council officials in Stockport where the Department of Transport's "Blue route", a 5½ mile diversion to ease a notorious stretch of the A6 London-Carlisle road, is "desperately" needed.

Currently the A6 carries over 30,000 vehicles a day through the town. At peak hours, the volume reaches 3,500 an hour. Rapid growth of commuter villages on the southern fringe of Greater Manchester and the development of commercial and industrial sites, have generated additional traffic.

The new road, however, will provide for north Derbyshire and north east Cheshire a fuel-saving link to the motorway system as well as easing the A6 congestion. The estimated savings on time and fuel could amount to over £25 million a year, according to the local authority.

A council spokesman said, "The road is needed to save money and time. It will also provide jobs during the construction. If public funds cannot be made available, then why not use private cash?"

## London-Glasgow rail route scheme

A BRITISH RAIL feasibility study has recommended the creation of a new inter-city rail link between London and Glasgow via Stockport. The British Rail Board is currently promoting a Parliamentary Bill to give sanction for the project and seeking financial consent from the Secretary of State for Transport.

The scheme will involve electrification of the existing line from Preston to Manchester and the construction of a new section of track to link the lines north of Salford and those on the southbound, Manchester-Stockport-London route, the estimated cost is £65m.

## Plant for Equador

DESIGN work has started on a £830,000 order obtained by Simon Food Engineers Ltd, for the supply, erection and commissioning of a plant for the production and packaging of babyfoods, soups and breakfast cereals in Equador.

# Manchester Airport soars ahead

TRAFFIC at Manchester International Airport has increased by 60 per cent over the past three years.

Britain's Northern Gateway airport now handles more than 5m passengers annually, and £1.5m worth of freight per day.

More than 40 world airlines operate direct scheduled services or links to all principal business centres of Europe and North America.

Extensions and improvements are being carried out in phases, and the airport's engineering division is working on a revolutionary method of docking aircraft in zero visibility — a system superior to any other in use elsewhere. Also, computers are being programmed to monitor 8,500 different functions throughout the airport.

The airport's success (it is consistently profitable) and its catchment area of 20m people and 60 per cent of the UK's manufacturing industry, are powerful arguments in the lobby that is urging the Government to make Manchester an alternative to Stanstead.

Certainly its location would seem ideal for expansion: It is on the M56 giving motorway access to Greater Manchester, Merseyside, Lancashire, Cheshire, the Midlands and West and South Yorkshire.

Plans to give Manchester International Airport a direct rail link to central London have been revived. This will strengthen the hand of those who want Manchester to be developed as London's "third airport".

The exact route for this link has not been decided but in all probability it would be an underground track joining the main Manchester-London inter city line at Stockport or Wilmslow.

A spokesman for the airport said, "It is ironic that there is all this argument about Stanstead with so much opposition to siting a third airport there. We are ready and able to develop at a much lower cost an equally good facility for travellers from the South East."

## Trucking costs results

AN INDEPENDENT study into road transport overheads has highlighted financial benefits experienced by firms with air freight interests locating in Stockport, Greater Manchester.

Gordon Ford of Stockport, main Ford dealers, carried out a survey of trucking costs using one of the new cargo range of diesel vehicles.

The trials over direct routes to Manchester International Airport showed a "competitive edge" has been given to Stockport now new motorway connections are available.

Weekday journeys were made, in average traffic conditions from central points in Warrington, the city of Manchester and Stockport.

The overall costs — labour, depreciation, insurance etc — for the three journeys were £7.42, £5.12 and £3.04 respectively.

The one-way travelling times were: Warrington 28 minutes; Manchester 21 minutes and Stockport 10 minutes.

A similar trip to Heathrow from Milton Keynes would cost an estimated £25.16 and take 86 minutes and from the London Docklands, Isle of Dogs development it would cost £14.36 and take 66 minutes.

## New Enterprise Centre

THE Nottingham-based property company, Goring Estates, is to build Stockport's second Enterprise Centre.

It will comprise of ten workshop units, of about 1,000 square feet, designed to suit advanced technology companies.

Planning permission has been received and the first units are expected to be on offer in spring 1983.

## Oil probe

EXPLORATION of oil-bearing strata beneath central Stockport has been carried out for BP Petroleum Developments UK Ltd.

The seismic survey of the rock formations was undertaken by Compagnie Generale de Geophysique along the line of the new motorway extension.

The information contained on this page has been written and produced on behalf of the Metropolitan Borough of Stockport by Brendan P. Murphy and Stewart Fitton.

For further information about the borough or for details of any company advertised on this page contact the above named at:- PR Unit Town Hall, Stockport SK1 3XE. Tel: 061 480 4949 ext 130.

# Atlantic Conveyor's demise looks good for Swan Hunter

## Andrew Fisher looks at the yard which will build a replacement container ship

WHOOPS OF joy would have been in order at the Swan Hunter shipyard yesterday — except that the 9,000 workers were not in the berths to cheer the news that the replacement for the Atlantic Conveyor would be built on Tyneside.

Most of them were on holiday, and the yard was inactive apart from some maintenance work. But the workforce will return next month to a yard whose morale and order book have been given a timely boost.

Swan Hunter built the Atlantic Conveyor 12 years ago for about £4m. The yard also built a sister ship for Cunard, the Atlantic Causeway. Both were sent to the Falklands: the Conveyor was destroyed by an Exocet missile.

Since then a political, patriotic and financial controversy has raged over where the replacement should be built. Swan Hunter wanted the order to keep its workforce busy as it went through its present order book, currently about £400m.

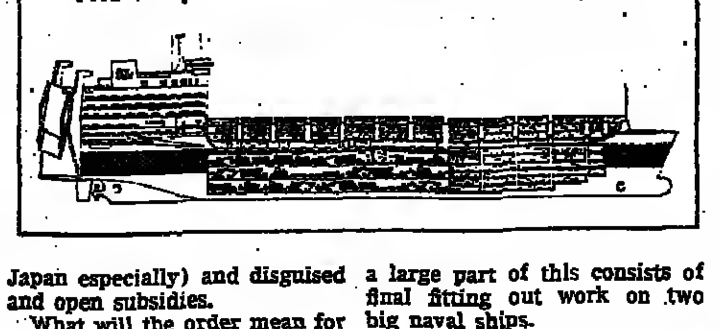
On straight commercial grounds, Cunard would have decided to build in the Far East. The container vessel, laid-up for nine months in Liverpool because business was slack across the Atlantic, was to be replaced anyway.

This was to take place as part of a five-ship programme by ACL (Atlantic Container Line), the European consortium in which Cunard is a 20 per cent shareholder. Cunard has always built in the UK.

But the prices quoted by South Korean and Japanese yards were much lower, ranging from £30m to £35m compared with more than £40m in Britain. Had it not been for the Falklands and the destruction of the Atlantic Conveyor, Cunard would almost certainly have gone for the new ship—larger and less fuel-thirsty—in Korea or Japan. Cheaper prices there are a product of cheaper labour (in Korea), high efficiency (in Japan especially) and disguised and open subsidies.

What will the order mean for Swan Hunter? Its order book is enough for about two years, but a large part of this consists of final fitting out work on two big naval ships.

The shape of the new Atlantic Conveyor



The yard wanted another big order by the autumn to keep its platers, welders and other steel-workers busy. These make up just more than a third of the workforce. Outfitting workers account for roughly the same share.

Both the large HMS Ark Royal anti-submarine warfare ship, costing about £250m, and the £90m HMS York destroyer will be in the yard for another two years or so. The Illustrious, another anti-submarine vessel, was delivered to the Navy in June.

Swan Hunter's last merchant order was placed back in February when Leif Hoegh of Norway decided to have a 42,000 tonne general purpose cargo container carrier built there. The £25m ship will be chartered by Hoegh from a UK finance company.

The Atlantic Conveyor's replacement would require about 30,000 tonnes of steel, worth several millions of pounds, from British Steel plants in Scotland, Scunthorpe and Teesside.

Since some 60 per cent of the cost of a ship involves materials and equipment the order clearly will have benefits beyond the shipbuilding and steel sectors.

Unlike some more compact yards, Swan Hunter has a traditional appearance, with the berths straddling the river over about a mile.

It comprises three yards—Wallsend, Hebburn and Neptune. Now under construction on the merchant side are a newsprint carrier, an oil tanker, a nuclear fuel carrier, the hull of a diving support vessel, and the Hoegh ship.

Also moored in the Tyne is the Kharg, a naval ship handed over to Iran two years ago by the yard and then refused an export licence by Britain during the country's political turmoil. Several Iranians went aboard this fleet replenishment ship a few weeks ago to check on her as she lies waiting for more peaceful times in Iran.

# Halliday Simpson partners expelled

BY JOHN MOORE, CITY CORRESPONDENT

THE Stock Exchange ruling council has disciplined members of the Manchester stockbroking firm Halliday, Simpson and Company with unprecedented severity following the discovery of irregularities which took place over three years.

Mr David Garner, the senior partner, was charged with gross misconduct and has been expelled from the Stock Exchange.

Other partners charged with gross misconduct and who have been expelled are Mr John A. P. Norris, Mr Russell L. Torr and Mr Graham M. Jackson. Two associate members, Mr Graham A. Hulme and Mr Robert Pratt, have been expelled for gross misconduct.

Disciplinary action of a less severe nature has been taken against three other partners and an associate member in connection with the affair.

The Stock Exchange published findings of its wide ranging investigation on the notice board in its market yesterday.

A complicated series of deals for favouring certain clients of Halliday Simpson were uncovered. The Stock Exchange said it was principally concerned about how the firm used its dealing suspense account, which was known colloquially in the firm as its "open account."

The Stock Exchange described a typical operation carried out by Halliday. A fund manager would give instructions to Halliday to purchase stock and book the stock to the open account.

"If the price rose the stock would be put through from the open account to the fund manager's institution at the new (higher) price; the put through would not necessarily be done with the stock market.

"Entries in the books of the firm would then be created." These purported to represent bargains for the private client account of the fund manager or a relation or an associate at the prices at which the stock had been traded in the open account.

In this way the profit would be transferred out of the open account. "If the price did not suit, the bargains would be booked later direct to the institution." It was not unusual for payments to certain clients representing the profits to be made in cash.

The Stock Exchange has notified the employers of certain fund managers and other non-members involved in the affair and notified the Council for the Securities Industry, the City's main self-regulatory body, and the City of London Police fraud squad.

"Widespread use had been made of the open account by partners, associated members and employees of Halliday. In addition, "certain non-members had been permitted access to the open account."

The Stock Exchange discovered that there were several thousand entries in the "open account," clearly indicating that it was being used as more than just a temporary booking for bargains and a medium for the correction of dealing errors.

The Stock Exchange found that the "open account" was extended in a number of ways. Halliday, Simpson acted as a broker to a substantial number of local companies. They were often small companies whose shares were not freely marketable.

The firm took stock onto the open account both from clients and from the market, placed it out to other clients "often at higher prices" and not always on the same day.

Moreover, the stock was not put through the market before resale, on numerous occasions, in spite of the issue contract notes.

Other lines of stock in what were considered to be attractive situations were purchased for the open account "for subsequent placement to clients."

Again the stock was not always put through the market before re-sale but sold direct and contracted to the client from the open account using an agency contract note.

Bargain prices were often misrepresented. Bargains done with the market at prices other than those originally quoted to the client were frequently booked out at the prices quoted to the client.

If the firm could not deal at a limit given by a client, the business would be transacted in the market at the best available price and the bargain would be booked to the client at the limit.

The cost of the operation would be recouped by altering the price of another client's bargain. Halliday purported to do business for clients at prices which were not available in the market at the moment of dealing.

# Case study assesses viability of N. Sea finds

By Richard Johns

THE PROSPECTS of commercial viability for North Sea oil and gas developments currently being contemplated are only marginal because of "the combination of a weak oil price, a demanding tax structure and smaller, more costly, fields."

This is one of the main conclusions of a study by Wood McKenzie, the Edinburgh stockbrokers, in its latest North Sea report.

Its evaluation of three case studies of marginal fields "typical of the future as it is currently perceived" indicates a value for each barrel of reserves and/or the equivalent for gas or condensates of:

- 75 cents to $1 for an oil-field in the north and central sectors of the North Sea.
- 50 cents to $1 for a field with commercial reserves of gas and condensates in the northern and central sectors.
- 50 cents to $1 for a gas field in the southern sector.

These projections compare with the figure of about $7.50 a barrel for Beatrice field suggested by the terms of British Petroleum's sale to London and Scottish Marine Oil of its stake of the development, which came on stream earlier this summer, according to Wood McKenzie.

Independent weight is added to the warning given recently by BP that high taxation made the development of fields with reserves of 50m to 80m barrels uneconomic. One of these would have to be brought into production every 50 days if the present level of UK oil reserves was to be maintained at the present rate of production, Mr David Walker, managing director of BP Exploration Development (UK), said recently.

Wood McKenzie shares the generally held view that no more giant structures are likely to be found nor returns made similar to those from fields such as Forties.

At the same time the economics of possible candidates for development have suffered as a result of falling oil prices, the study says. The cash flow model assumes, perhaps optimistically, an average North Sea oil price of $36.50 per barrel next year which will then remain constant at that level. In 1983 terms it assumes a gas price of $3.50 per million cu ft (20p per therm) for the southern basin and $4.50 per million cu ft for the northern fields.

It points out, however, that there is room for some upward movement in gas prices because of the recent legislation making possible, in theory at least, sales to third parties other than British Gas and also because of the corporation's own supply-demand situation.

Wood McKenzie also identifies the seven fields, all relatively low in production and profitability, whose concessionaires have paid royalties in cash rather than in kind during the first six months of 1983. They are Argyll, Auk, Buchan, North Cormorant, Heather, Montrose and Tartan.

# CEGB's coal stockpiling seen as attempt to thwart miners

BY SUE CAMERON AND HAZEL DUFFY

THE GOVERNMENT is believed to be supporting unprecedentedly high movements of coal stocks from pitheads to power stations. The main reason is thought to be ministers' fear of a miners' strike this winter.

The Department of Energy denied yesterday that it was having discussions with the Central Electricity Generating Board on providing special funding to finance the record high stocks of coal at power stations.

Stocks now stand at 20.8m tonnes and have been rising steadily since the start of the year in spite of the fact that very little coal was moved by rail during the train drivers' strike.

British Rail, which normally moves 75 per cent of coal for the CEGB, expects to move up to 1.7m tonnes a week to power stations from now until the end of November.

BR freight managers are delighted but also surprised at this post-strike boost in freight revenues. They had assumed that the high level of stocks at power stations would lead to a marked reduction in movements of coal beyond the summer restocking period.

It is believed that the CEGB has also increased substantially the amount of coal it normally moves by road. Road haulage rates have become more competitive because of the recession, but there is strong speculation that the main motive for the increase is the desire of the CEGB, with Government backing, to put itself in as strong a position as possible to withstand action by the miners.

The CEGB has been receiving complaints from residents in several parts of the country, particularly South Yorkshire, about the increase in heavy coal-carrying lorries passing through normally quiet country areas.

The board uses rail for coal movements wherever facilities exist, particularly the special lines carrying coal direct from pits to power stations. It seems, however, that the board is not only maintaining movements by rail but is also adding to record stock levels by increasing movements by road.

Some movements by rail did take place during the recent train drivers' strike, although they amounted to only about 30 per cent of the usual levels at this time of year. But the CEGB has been looking at the competitiveness of alternative means of moving coal for some time.

Some coal is moved by canal, but the network of waterways in Britain is too small for them to provide an alternative to rail.

Just before the start of the miners' industrial action which brought down the Conservative Government in 1974, the CEGB's total coal stocks are estimated to have been between 15m and 16m tonnes. This was roughly the level they had reached at the start of the current financial year.

During the coldest part of the winter the CEGB normally burns around 2m tonnes of coal a week.

# New moves to reduce air ticket discounting

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE Department of Trade and the Civil Aviation Authority are taking measures to try to reduce, if not eliminate, ticket discounting—the sale of airline tickets at less than approved rates.

For some time, new air transport licences issued by the CAA in the UK with the approval of the Trade Department, have contained a "tariff clause" requiring the airline to abide by the officially approved fares for the route licensed.

Failure to abide by those rates could result in the licence being suspended.

After much discussion with European governments, the UK authorities are now also introducing such "tariff clauses" into permits given to foreign airlines to fly to and from the UK.

It is accepted by the UK authorities, however, that ticket discounting will be difficult to stamp out entirely, in spite of the considerable drain on airlines' revenues.

The airlines argue that on some routes, especially those to, through and from the Middle East and the Far East and South-east Asia, discounting is not only inevitable, but also in some cases desirable.

This is why the International Air Transport Association, at its meeting of over 80 airline chiefs in Geneva this week, decided to strengthen the activities of its own Fare Deal Monitoring Group.

# Airlines remove bar to sale of BA subsidiary

BY RAYMOND SNODDY

THE SALE of International Aeradio (IAL), the profitable, high-technology British Airways subsidiary, moved a step closer yesterday.

Representatives of 30 world airlines, which hold 2 per cent of the shares, voted unanimously to change the articles of association and give up the right to first option on the sale of the rest of the shares.

The decision removes a barrier which might have delayed the sale of IAL which specialises in airport services and management, computer systems and hospital management.

It is now likely that a prospectus drawn up by S. W. Warburg, the merchant bankers, will go before the BA board next week for final decision.

Within two months IAL could become the first part of BA to be privatised.

IAL yesterday announced record profits of £9.3m compared with £6.3m last year. Turnover of the parent and subsidiary companies grew from £63.8m to £91.6m.

GEC, Plessey, Racal, Grand Metropolitan and BAT Industries are among the UK companies which have expressed an interest in buying the subsidiary.

Siemens in West Germany, Philips in the Netherlands and Litton Industries in the U.S. are also potential buyers.

The sale of IAL is likely to raise more than £55m

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# Bus operators 'acted unfairly'

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

TWO REGIONAL bus operators were yesterday accused of using their financial strength unfairly to fend off competition from smaller bus companies.

The accusation came in a report into the costs and efficiency of four regional bus operators, published yesterday by the Monopolies and Mergers Commission.

The four companies investigated were: the Bristol Omnibus Company; the Trent Motor Traction Company (both subsidiaries of the National Bus Company); the transport department of the Cardiff District Council; and the West Midlands Passenger Transport Executive.

Investigation of the four operators was one of a series being made by the commission into public sector bodies under the terms of the 1980 Competition Act.

The commission found that two operators—in Trent and Cardiff—had clearly "used their superior financial strength in an attempt to drive off small competitors."

The operators had either increased the frequency of services or lowered fares to take business away from smaller companies.

The commission did not "condone or approve their conduct" but felt that "in all the circumstances we do not conclude that the action of any of the undertakings have amounted to abuse of any monopoly situation or to conduct operating against the public interest."

It makes 43 detailed recommendations for ways of improving the efficiency of the four operators in spite of being impressed generally with the level of efficiency shown.

Five of the commission's recommendations were particularly important. They are that operators should:

- Improve monitoring to indicate the effective employment of platform staff.
- Take steps to strengthen and improve production, planning and control in workshops.
- Produce quarterly data showing operating ratios and load factors of individual services.
- Use quantitative evaluation of the benefits and costs of alternative bus replacement policies.
- Adapt planning procedures to produce annually a three-year operational plan.

Other urgent recommendations are made relating specifically to individual operators. For example, the West Midlands Passenger Transport Executive is told to "undertake a more stringent review of non-manual staff requirements."

*Report on the Stage Carriage Services supplied by the undertakings: HC 442, SO, £13.*

# Britain 'poised to top pharmaceutical league'

BY SUE CAMERON

THE UK is poised to overtake the U.S. as the world's leading pharmaceutical trading nation, the Association of the British Pharmaceutical Industry said yesterday.

Figures released by the association show that in 1980—the latest year for which statistics are available—the U.S. only just beat Britain to first place in the international pharmaceutical trading league table.

The U.S. balance of trade surplus was £530m while the UK's was £523m.

Both the U.S. and Britain jumped above Switzerland which had occupied the top place in 1979. Switzerland's 1980 surplus was £517m.

Figures for UK export sales of pharmaceuticals are not yet available for last year, but the association is confident they will be a record.

The association said yesterday: "It is a remarkable testimony to the efficiency of the British-based industry that it can compete so successfully in world markets.

| Country | 1980 Imports £m | Exports £m | Surplus (deficit) £m |
|---|---|---|---|
| U.S. | 345 | 875 | 530 |
| UK | 222 | 745 | 523 |
| Switzerland | 177 | 694 | 517 |
| West Germany | — | — | 421 |
| France | — | — | 342 |
| Japan | 461 | 127 | (334) |

Source: ABPI

# Whisky exports recover in first five months

BY GARETH GRIFFITHS

SCOTCH whisky exports have made a partial recovery this year with shipments in the first five months reaching 102m litres of alcohol, worth £351m. A large part of the increase is accounted for by overseas distributors buying in advance of price increases.

The Scotch Whisky Association said yesterday exports this year up to May were 3 per cent better than in 1980 and within 2 per cent of 1978, the best year ever for exports.

Figures for 1981 are difficult to use for comparative purposes because of the lack of data due to the Civil Service dispute.

Mr Donald Mackinlay, the association's information committee chairman, said available figures from September 1981 to February 1982 showed exports of 128m litres worth £438m.

Shipments to the U.S. were virtually unchanged on the 1980 volume and exports to France were up by almost 12 per cent. This would suggest that the destocking of the past two years has passed its worst.

The industry is worried, however, about the decline in Scotch sales in Japan. Exports there are worth more than £50m a year but volumes have been falling for the past two years.

Provisional figures suggest a 23 per cent fall in volume sales in 1981, from 12.4m litres the previous year to 9.5m litres. The first four months of this year saw another fall of 15 per cent in volume compared to the same period last year.

The association is to run a three-year public relations campaign in Japan with a first-year budget of about £150,000. Its aim will be to obtain favourable publicity for Scotch in up-market journals while still leaving brand owners to carry out their own advertising.

# Brewery companies lose tax fight

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

COMPENSATION PAID by two companies in the Watney Mann group when they ended the tenancies of about 400 of their tied-houses was not tax-deductable from profits, a High Court judge ruled yesterday.

Between 1969 and 1972 Watney Combe Reid and Company and Watney London made ex-gratia payments totalling about £800,000 as part of the group's plan to raise profits by changing from tied to managed public-houses.

Mr Justice Walton, rejecting the companies' appeals against corporation tax assessments totalling about £6.4m for the four years, said the payments were not made wholly and exclusively for the purpose of the two companies' trades.

The main beneficiaries were the group's management companies that took over the public-houses, and through them the whole group, whose profits rose because of the change.

He said Watney Combe Reid and Watney London were two of the group's regional operating companies which owned its 1,800 tied-houses.

In tied-houses tenants received retail profits. In managed-houses, which in 1968 accounted for 15 per cent only of the group's public-houses, the whole profit went to Watneys.

To improve profits the group embarked on a plan to raise the number of managed-houses, compensating evicted tenants. A tenants' revolt attracted considerable publicity. It secured a considerable increase in compensation paid. Not unnaturally the operating companies sought to deduct the payments for tax purposes, the judge said.

The companies said the payments, which they had no legal obligation to make, were ductable because they had been made to preserve the remaining tied-tenants' goodwill.

The Revenue said the payments were part of the price the companies had ot pay to obtain possession of the houses and so implement the managed-houses expansion programme

The judge said the reason for the high payments was clearly to avoid damage to the operating companies' goodwill. It had not been carried out just for their benefit.

# U.S. owner restores confidence to an ailing engineering group

## Mark Webster examines the recovery prospects for a press maker

LAST TIME the U.S.-based engineering group Verson Allsteel Press tried to take over the West Midlands company Wilkins and Mitchell, the answer was (literally) two short, very rude words.

The response was very different last week when the U.S. group saved the British concern from the hands of the receiver and almost certain liquidation.

"We are here with a great deal of optimism," said Mr Harry Love, the genial vice-president of Verson. Behind his new, temporary desk in the Darlaston premises of Wilkins and Mitchell, he exuded the kind of quiet confidence seen in doctors in television soap operas.

The only visible change effected so far has been the removal of some paintings from the office walls. But the future he paints for the company is in dramatic contrast to the prospects only a month ago.

Verson has been trying for many years to secure a foothold in the UK market for its own wide range of metal-forming power presses and wants to use Wilkins and Mitchell to make some of the more sophisticated presses and ancillary equipment the group has designed.

Mr Love said Wilkins and Mitchell would go on trading under its own name, making the same traditional range of line presses it has been doing for decades. It would benefit from Verson's technological development, particularly in the more complex transfer presses, and have access to the Verson worldwide marketing organisation.

"We are going to be in the position of offering UK users the Wilkins and Mitchell machines but with improvements in design. In addition we can provide presses which are much more sophisticated and more expensive."

Under the agreement with the receiver, Verson's overseas arm, Verson International, has bought the assets for an undisclosed sum as the only company prepared to buy the whole undertaking. It will keep the remaining 116 workforce and has every hope of expanding it in future.

Apart from providing working capital, Verson does not expect substantial new investment will be needed. But if it is, the group is healthy enough with its $6m (£3.42m) profit last year on $125m turnover to provide it.

Verson first looked at the company in 1967 when it wanted a European base to manufacture its own presses. Heavy freight and duty charges on its U.S.-manufactured machines made them largely uncompetitive in the European market.

After the dusty answer Verson received from Wilkins and Mitchell, it was invited to Belgium by the government and took over a plant there in 1968.

Since that date, Wilkins and Mitchell has mirrored the pattern of boom and decline common in British manufacturing industry. During the 1960s and 1970s it was a highly successful concern, with turnover touching £8m in the latter part of the last decade.

It entered the 1980s with a crash. With a factory turning over at only 30 to 40 per cent of capacity and without sufficient cash to make workers redundant, the company was bought by Centreway Industries, a Birmingham holding company with manufacturing and motor distribution interests.

Centreway wanted only the domestic appliance business, Servis, and the power press division was put in the hands of the receiver after chalking up losses in 1981 of £880,000 on a turnover of £4.84m.

No one expressed any interest in buying the power press business except to dismember it and hang on to the still-lucrative repair and maintenance side, Power Press Enterprises.

Under Verson's management the repair business will be moved from nearby to the Darlaston premises. With that as its backbone, the group expects the coming financial year to show a modest profit on a turnover estimated at £2.6m.

Wilkins and Mitchell has long been a familiar name in the UK power press business and recently received the congratulations of BL's chairman, Sir Michael Edwardes, when it produced the first major hydraulic press for car bodies to be made by the UK machine tool industry.

Much of Wilkins and Mitchell's work has been for the automotive industry and it is the only surviving manufacturer in the UK of large panel presses. Its presses are used by most of the major car-makers in the UK and the company has also built a substantial export business.

Mr Bill Owen, a former managing director, and chairman of Wilkins and Mitchell Power Press, is delighted with the development. "The morale of the workforce has changed dramatically. They want to get out and prove just how fast they can make power presses," he said.

Mr Owen is staying on with the company and said he was confident of signing new orders soon. He said one of the main problems the company had faced was that with the internationalisation of the power press business small companies had found it hard to maintain their research and development and the sales force necessary.

On the shop floor, the workers are delighted they have kept their jobs but are more critical of the old company than is the new management.

According to Mr Love the workforce is extremely co-operative now. "I was very pleased with the workforce I found," he said.

He is certainly pleased to be back in the Midlands even if it is only for a short time until he goes back to the two factories he runs in Texas. He met his wife in the Birmingham Bull Ring in 1944.

# Boost for business start-up scheme

By Tim Dickson

THE BUSINESS Start-Up Scheme, introduced in the 1981 Finance Bill, was generally hailed as one of the most imaginative and important Government measures to encourage new businesses.

In an age when tax reliefs to persuade people to put their savings into pensions, life assurance and residential property had become part of the fiscal fabric, here at last was a scheme to divert part of the nation's savings directly into productive industry.

Unfortunately, the measure appears to have had a limited impact in its first year of operation.

The scheme allows individuals to claim tax relief at their top marginal rate on investment in a "new" qualifying trade — "new" being defined as up to five years old — but restrictions and conditions inspired by the Inland Revenue have made intermediaries such as stockbrokers and accountants reluctant to recommend investment to their clients.

A number of funds, nevertheless, were formed successfully, enabling individuals to pool their money and enjoy the advantages of professional management.

Following the announcement of changes to the scheme which are enshrined in the 1982 Finance Bill, there are now more hopeful signs that individuals are responding to the opportunity.

One accountant, for example, said yesterday he was involved with six private share Placements which incorporated features of the Business Start-Up Scheme.

# A technical Act with no aid to clarity

BY JOHN UNDERHILL

THE FINANCE Act receives the Royal Assent this week. The Act will comprise 157 sections and 22 schedules and run to over 250 pages.

Such a mammoth piece of new legislation might be expected to contain fundamental changes in tax law, like those of 1965 and 1972. However, most of this year's changes are of a technical nature.

Some of the new items have been included as part of the Government's overall fiscal policy to help smaller businesses. Other items have been enacted towards the process of improving tax administration.

But whatever else may be said about the Finance Act 1982, it does nothing at all to simplify the tax system.

At the time of his Budget in March, the Chancellor made much of his theme of indexing the tax system generally. Personal tax rates and allowances have been duly increased by somewhat more than the existing "Rooker-Wise" provisions would have required. And indexation has been introduced for Capital Gains Tax and Capital Transfer Tax.

The indexation allowance for Capital Gains has survived the passage of the Finance Bill through parliament unscathed. The objections raised by the Stock Exchange and others have not resulted in any major changes. Thus the allowance applies only from March 1982 or the first anniversary of the acquisition of an asset, and cannot create or augment a loss.

The complicated rules for identifying shares sold out of a "pool" mean that individuals will have to keep very careful records of their share transactions.

Of more general interest is the increase of the annual exemption on capital gains for individuals to net gains of £5,000 for 1982-83.

Capital Transfer Tax rates have also been indexed from 1983-84, but the principle has not been extended to the various exemptions.

Considerable changes have also been made to the CTT treatment of discretionary trusts, and there are numerous other technical amendments to existing legislation.

The Government's efforts to encourage industry — and in particular the smaller business —come in three areas: the relaxation of tha rules of the business start-up scheme; provisions making it easier for companies to buy their own shares, and the easing of the restrictions on interest paid on individuals to obtain income tax relief on interest paid on loans to buy shares in a close company.

Larger corporate taxpayers in general will not find much in this Act to their liking. Anti-avoidance provisions abound, and one scheme developed to help industry by reducing the cost of borrowing (the Section 233 loan) has been stopped, apart from some transitional provisions conceded only after much pressure.

be that this year's Act is very much a technical Act. That the scrutiny which its detailed provisions received during the hurried parliamentary process was scant is a comment on our legislative system.

In spite of welcome signs that the Inland Revenue is beginning to expose some draft legislation for advance comment, there is no likelihood of the majority of proposals being considered properly in the short time available.

The case for a technical Finance Bill each autumn dealing with this aspect of tax law must be strengthened by this year's experience.

In addition, the degree of complexity found in the detail of tax law is increasing. Some of the most tortuous wording possible is to be found in this year's Act. It will not be long before each new proposal becomes just one more monument on the grave of comprehensible law.

# New provisions to block leasing loopholes

BY ANDREW JONES

IN HIS Budget speech, the Chancellor promised formal restraints to stop the exporting of UK tax allowances.

The availability of these allnwances to overseas lessees, and in particular the 100 per cent first-year allowance (FYA) first becama apparent when exchange control was lifted in October 1979. Foreign users or lessees became able to obtain cheap finance at the expense of the Treasury.

An interim form of control on "foreign-to-foreign" leasing appeared at that time and was supplemented by more comprehensive provisions in the Finance Act 1980. These permitted leased plant to qualify for FYA only if it was let for at least four years to lessees who could themselves have obtained the allowances (that is, to UK taxable lessees).

Exceptions were provided for short-term leasing and for ships, aircraft and transport containers let in the course of a UK trade of operating ships or aircraft. Where FYA was not available, 25 per cent writing down allowance (WDA) was all that was allowed.

However, ingenious lessors developed overseas leasing as an art form. The judicious use of "double-dipping" created tax reliefs in two countries so that the entire cost of the asset was met by tax reliefs. Treasury and Bank of England pressure to counter this abuse has led to new provisions in the Finance Act 1982.

The first of three main provisions in the first phase extended the period for which plant acquired after March 9, 1982, must be let to "qualifying lessees" from four to 10 years. Four years is not long in the life of a ship ten is thought to be more realistic. For other leased assets, the incentive to switch to a non-qualifying lessee after only four years is removed.

Secondly, ships and aircraft let abroad qualify for FYA only if it can be shown that obtaining thoae allowances was not one of the main objects of the lease. Since the tax results of a lease are always a vital ingredient, this createa uncertainty. The Revenue is probably hoping that this uncentainty will be such that lessors will decide that the risks are too great.

Thus it may be that leases with implicit interest rates below the cost of funds will be outlawed. Strangely, this "main object" provision does not apply to container leasing.

Lastly, the rate of WDA on foreign leases not qualifying for FYA is reduced to 10 per cent from 25 per cent.

But even before these new provisions became law, the industry had the answer to the third one. Very long leases with delayed rentals (known aa skew rents) would give the lessors their tax relief early in the life of the lease but delay the tax liabilities on rentals until much later.

The Revenue was determined to stop these leases before they started, and responded with a new provision.

No capital allowances at all, neither FYA nor WDA, will be permitted for expenditure after June 27, 1982, on assets leased abroad for a non-qualifying purpose if any one of the following features is included — irregular rentals at any time during the period of the lease; retnals payable at more than annual intervals; a lease period of more than 13 years, or any payment which is based on the value of the plant at the end of the lease.

If such a lease is signed with a foreign lessee within the 10-year qualifying period, any allowances previously given will be clawed back.

These conditions would outlaw many of the normal features of a finance lease, such as secondary periods at reduced rentals.

It remains to be seen whether leasing which only qualifies for the 10 per cent WDA remains sufficiently profitable to continue. The ingenuity shown by the industry in the past is such that it would be unwise to assume that leasing overseas is now dead.

# Fundamental change for homeowners

BY ANDREW TAYLOR

THE FINANCE ACT will change fundamentally the way home owners receive mortgage tax relief.

At present, the appropriate level of tax relief is deducted from most borrowers' income tax payments under the PAYE system.

From next April, however, the administrative burden of providing for tax relief on mortgage interest repayments will pass from the Inland Revenue to the building societies and the banks. Borrowers will be expected to pay their monthly mortgage repayments net of tax relief.

The most obvious impact of the change will be that monthly mortgage bills will fall from next April as societies and banks start deducting tax relief at source.

Less visible will be the fact that many borrowers could initially be slightly worse off than under the present arrangements, because building societies intend to spread the burden of interest payments more evenly over the life of a loan.

Under the current system most mortgage interest payments are heaviest during the first few years of a loan. Thus, mortgage tax relief is at its highest during the early year, when a borrower, perhaps, needs it the most.

For example, first year repayments on a £15,000 loan would fall, under the current syatem, from £176.25 a month to £125.62 after taking account of tax relief at the basic rate. Under the new system, the repayment will be £132.

However, amendments now included in the Act will allow borrowers to opt for alternative systems of repayments should they wish to retain the advantage of higher tax relief during the early years.

For example, borrowers could maintain their net monthly outlay at prevailing levels simply by extending the life of the loan. This would mean a higher overall payment, but would give greater relief during the first few years of repayment.

Alternatively, borrowers could opt for a similar interest payment/tax relief structure to that now administered by the Inland Revenue, but this would mean that net repayments, although lower at first, would rise gradually as the interest element on the loan was paid off and tax benefits reduced. The overall cost of the loan would also be higher than under the new arrangement.

The new system, once all the bugs have been ironed out, should improve administrative efficiency. Building societies and banks should be able to react much more swiftly than the Inland Revenue to changes in mortgage interest rates which affect levels of tax relief.

Borrowers should also have a much clearer picture of the net cost of monthly mortgage payments and be able to budget accordingly.

**MONTHLY REPAYMENTS ON A MORTGAGE**

Likely impact of changes as these will affect a 25-year loan at 13.5 per cent over the first year

| | £10,000 | £15,000 | £20,000 |
|---|---|---|---|
| *Gross repayment* | £117.50 | £176.25 | £235 |
| Net repayment after tax relief | £83.75 | £125.62 | £167.50 |
| New net repayment from April 1983 | £88 | £132 | £176 |

# Fiscal justice promise fulfilled

**John Underhill welcomes the Act's clarification of the position of banks which lend abroad.**

THE PROMISES of fiscal justice made by Sir Geoffrey Howe, the Chancellor, at the time of the Budget have emerged in the Finance Act 1982.

We shall have to wait until next year for revised proposals on company residence and tax haven companies, but clauses are included in this year's Act dealing with international leasing, capital expenditure on films and—perhaps most eagerly awaited—double taxation relief for banks engaged in overseas lending.

It became known some years ago that the Inland Revenue was looking askance at the double taxation relief issue, and a collective shudder ran through the City.

It took the Revenue a very long time to decide whether there had been abuse, and its task was compounded by the unpalatable truth that some overseas authorities were so eager to encourage UK banks to lend to their residenta, they were not concerned if the terms were such that the UK Revenue suffered.

The issue revolves around the distinction between income (in the sense of gross receipts) and profit. Where the source country levies a withholding tax on interest paid by one of its residents to a UK bank, that withholding tax may be credited against the Corporation Tax liability of the bank which is "attributable to that income."

The legislation is, however, silent on how to calculate this, and it has been possible to use the tax withheld by the overseas country to satisfy not only the UK Corporation Tax on the overseas profit but also to cover any liability on quite unrelated domestic profits, because the bank is entitled to offset its costs in the most tax-efficient manner.

The Finance Act provisions limit the credit relief to a maximum of 15 per cent of the overseas interest earned. Any excess will be regarded as an expense of carning the interest and will be deducted from taxable profits.

This is not the whole story. Many countries to which UK banks lend have what are called "spared tax" arrangements, a form of economic incentive, most commonly found in developing countries. It is withholding tax which is never paid over to the overseas Government but which is regarded under double taxation agreements as having been paid, and therefore eligible for double taxation relief.

The advantages to the banks of not paying this withholding tax, but also using it to offset domestic profits, were regarded as excessive by the Inland Revenue.

The Act provides that where a Double Taxation Agreement permits "spared tax" arrangements, the same limitation of 15 per cent of the interest will apply but with the refinement that that amount of the "spared tax" must be added on to the interest received and taxed. This addition was not previously required.

Whether the introduction of these refinements to the taxation code will affect the willingness of the hanks to lend to overseas borrowers remains to be seen. But now that the long period of uncertainty is over, the banks can make their decisions with greater confidence.

# UK NEWS

## Ulster management blamed for failures

**Margaret van Hattem on an inquiry into economic decline**

THE LACK of experienced business mangement in Northern Ireland is identified, in a report published today, as a major factor behind the failure of massive government subsidies to halt economic decline in the Province.

The story of Tyrone Crystal Ltd (TCL), analysed in a report by the Commons Public Accounts Committee, is the story of many small companies throughout Ulster. It illustrates why simply throwing money at Northern Ireland cannot solve its interlocked economic and political problems.

TCL is a small company founded in 1971 by a local community self-help organisation, Tyrone Investment Corporation for Industrial Development Ltd. It produces crystal of a quality reputedly comparable with that of the world-famous Waterford Company in the Irish Republic.

Subsidies to TCL and its subsidiary, Antrim Crystal Ltd (ACL) over the past decade total £5.4m, an average subsidy of £2,000 per job per year. Yet ACL went into receivership in 1979 and TCL has had to scale down its operations. Today it employs barely 60 people, a third of its former workforce.

The failure appears largely to have been one of management. Mr K. P. Bloomfield, Permanent Secretary, Northern Ireland Department of Commerce, gave evidence to the committee. He said crystal produced by ACL was not of a uniformly high quality. That produced by TCL, however, was comparable with that of the Waterford Company, whose annual exports to the U.S. alone total £22m.

In his evidence Mr Bloomfield attributed the company's failures to its attempts to expand its operations at a rate faster than the management could handle.

He said the company was run "on a very enthusiastic but essentially amateurish basis by extraordinarily enthusiastic and committed people without any heavyweight management experience.

"There was not, frankly, an infinite queue of senior managers available who wanted to go to a place like Dungannon at this particular point in Northern Ireland's history."

Doubts as to TCL's ability to handle the proposed expansions were voiced early on. The department's industrial accountant urged a more cautious assessment of its prospects before more subsidies were allocated.

His advice, however, was overriden for reasons, social and political, which applied to many similar ventures in Ulster today.

Unemployment in Dungannon, TCL's base, was twice the regional average. Male unemployment was 40 per cent. As political and security problems mounted in the early 1970s British and U.S. investment was drying up.

Mr Bloomfield told the committee: "Here we had a self-help organisation, genuinely based in the community, making really rather remarkable efforts to raise funding by its own energies, developing the first phase of its project as far as we could see on satisfactory lines, and anxious to move forward quickly.

"In retrospect we would say moving forward too quickly and too ambitiously. But the social and political considerations of the time were inevitably very much in the minds of those who were considering the proposals for expansion."

Mr Bloomfield warned of the effects on high unemployment areas of unstable businesses which fold or cut workforces. He said: "The morale in the area at the end of the process is worse than at the beginning."

His conclusion, endorsed by the committee, was that the department must make more use of independent consultants to assess projects for which subsidies are sought.

At the same time, he appealed to the committee to take account not only of the economics but also of the community pressures on the department.

"If we had not responded to these pleas for expansion one might well have read in all the local newspapers that the bureaucrats in the department are tying the splendid proposals up in red tape yet again. The local sponsors are full of enthusiasm and ready to go. Why are these fellows not letting them get on with it?"

This dilemma is likely to weigh increasingly heavily on Mr James Prior, the Northern Ireland Secretary, particularly in the wake of the widely-publicised troubles of the De Lorean Motor Company.

Amid signs his devolution plans face a bumpy ride in the months ahead, Mr Prior is increasingly troubled by the Province's continuing economic slide and the difficulties of wresting money for further subsidies from an increasingly reluctant Treasury.

His recently trip to the U.S. has not encouraged him to expect a resurgence of U.S. investment interest in the Province. The level of grants from the EEC Regional Fund remains constrained by government monetary policy.

The Public Account Committee's report's implication that the problem is less one of money than of value for money will doubtless be welcomed in the Treasury. It may not, however, help Mr Prior's more immediate problems.

*Nineteenth Report from the Committee of Public Accounts: Matters Relating to Northern Ireland; SO; £5.70.*

## SDLP likely to fight in Assembly poll

BY BRENDAN KEENAN

NORTHERN IRELAND'S main nationalist party, the Social Democratic and Labour Party, is expected to fight the election for a new Belfast Assembly on October 20. This is in spite of the row over the eligibility of its deputy leader, who is a member of the Irish Republic's Senate, and anger at a Foreign Office warning that the Irish Republic could have no say in constitutional developments in Ulster.

Discussions among SDLP senior members are understood to have produced a consensus in favour of contesting the elections, though not without argument.

The final decision rests with an executive meeting next month. The party hierarchy's view, however, is likely to prove decisive.

The decision rests on the assumption that the deputy leader, Mr Seamus Mallon, can stand for election even if, as a member of the Irish Senate, he cannot sit in the Assembly.

An SDLP decision to stand would boost Mr Prior's hopes for the Assembly. The party's attitude to the new forum, however, is far from clear. It might boycott the Assembly, or its members might take their seats only to table motions demanding power-sharing and leave if these were rejected.

The new row in Anglo-Irish relations follows the disclosure that the Minister of State at the Foreign Office, Mr Douglas Hurd, saw the Irish Ambassador to London last week and told him the UK did not consider itself under any obligation to consult the republic on matters affecting Northern Ireland.

The news was welcomed by Unionist spokesmen in Belfast but Mr John Hume, the SDLP leader, claimed it was a breach of the communiqué issued after the Anglo-Irish summit last November. He called for a united approach by political parties in the republic to make clear that the Irish interpretation of the communiqué was correct.

The dispute seems to be another version of the argument which broke out at the time over whether the communiqué referred to "constitutional" or "institutional" developments.

The British Government has never accepted that Dublin should be involved in "constitutional" matters. The incident is likely to fuel SDLP suspicions that the British are pandering to Unionist susceptibilities in the preliminaries to the Assembly elections.

## High Court judge blocks Abele short-cut to control Illingworth

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

AN ATTEMPT by Abele, an Isle of Man company, to find a short-cut through its legal moves to acquire a controlling shareholding in Illingworth Morris, the world's largest textile company, was frustrated by a High Court judge yesterday.

Abele has sued the judicial trustee appointed by the court in January to administer the estate of the late Mr Isadore Ostrer, co-founder of Illingworth. The action is not expected to get to court before the end of this year.

Abele claims that the trustee, Mr Gordon McAllister, a London chartered accountant, is bound by an agreement made last October by Mrs Pamela Mason, granting Abele an option to buy the Ostrer estate's dominant holding in Lothbury Investment Corporation and LOG Trust, which, between them, hold 27 per cent of Illingworth.

Yesterday, Mr Justice Foster rejected Abele's contention that Mr McAllister was bound by the agreement even if, as Mr McAllister will contend in the pending action, Mrs Mason acted in breach of duty as her father's executrix in entering into the agreement with Abele.

As her father's executrix, Mrs Mason controlled 46 per cent of Illingworth's shares. Last October, during litigation designed to wrest control from her, it was announced that she had entered into an agreement to sell the shares to Abele.

In addition to giving Abele an option to buy control of Lothbury and LOG for £327,908, Mrs Mason agreed to sell it 19 per cent of Illingworth's voting shares and 14 per cent of the non-voting for £707,718.

Mrs Mason's opponents protested that the sale was at an undervalue.

In January, the court held that Mrs Mason had acted irresponsibly and unreasonably in her conduct of the estate's affairs and ordered her to be replaced by a judicial trustee.

Since then, Mr McAllister has refused to complete the agreement with Abele and the company started its legal action to try to force him to do so.

Had the company been successful yesterday, it would not have had to go ahead with its legal action later this year.

Abele was set up to acquire the Illingworth shares. Behind it is Mr Alan Lewis, a Manchester financier and chairman of Hartley Industrial Trust, a property investment company, whose parent, Alcrafield, is Mr Lewis's master company.

## Changes in education urged

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

LACK OF effective management and a misplaced emphasis on academic studies in education and training are damaging Britain's technological and economic prospects, says yesterday's report from a Royal Society of Arts study group.

The group—headed by Sir Henry Chilver, vice-chancellor of Cranfield Institute of Technology—says that if Britain and its young people are to understand and be able to apply new technologies, there is need for radical change in the educational and training network, including secondary schools.

The report calls for revisions in school-leaving examinations as well as in the school curricula for 13- to 16-year-olds with the aim of equipping young people with ability to solve practical problems as well as with literacy, numeracy and an appreciation of technological development.

Where courses for people who have left school are concerned, "there is an urgent need to sort out the present confusion of roles and responsibilities of central government, local government, educational institutions and industry and commerce, as well as of the students themselves," the study group says.

"Most important of all, we will have to reinterpret the false distinction we make between education and training, which bedevils the present system."

The Government is urged to set clear priorities for education and training and to make the changes needed to produce an effectively managed system, particularly for technological education.

"This could be achieved by bringing together, within Government, the work of the Department of Education and Science and tha relevant parts of the Department of Employment into a new single Department of Education and Training."

Although such a step would entail deep constitutional changes, the report says, it would have a compensating virtue.

The new system "could take as its aim, as a matter of national urgency, the development of a coherent and consistent programme of improvement in standards of vocational and technological eduction and training throughout England and Wales, and the establishment of common standards.

"Seperate consideration would be needed for Scotland and Northern Ireland, where systems of legislation and funding are different from those in England and Wales."

*The future of technological higher education in Britain. Royal Society of Arts.*

## Safety body criticises pre-job medical checks

BY RAYMOND SNODDY

ROUTINE medical examinations for all workers before taking a new job is neither necessary nor desirable, the Health and Safety Executive says in a new guidance note for employers.

Although some conditions might be picked up early by such screening there is a danger of people being unnecessarily excluded from jobs because of minor or irrelevant health problems, the executive argues. Medical staff can more efficiently be used for more selective procedures, according to the note.

By having routine pre-employment medical examination the employer may be turning away the best candidate for no very good reason.

"There is no evidence that those with minor health problems or handicaps have more accidents and there is evidence that many of those with such problems, because of the compensating skills they develop and because of their motivation, have or cause fewer accidents and have less absenteeism," the document says.

The executive says health questionnaires are preferable to examinations except in jobs involving hazardous environments, high risk of accidents or high standards of physical or mental fitness.

*Pre-Employment Health Screening. HM Stationery Office, £1 plus postage.*



## UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1978=100); retail sales value (1978=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

| | Indl. prod. | Mfg. output | Eng. order | Retail vol. | Retail value* | Unem-ployed | Vacs. |
|---|---|---|---|---|---|---|---|
| 1981 | | | | | | | |
| 2nd qtr. | 99.4 | 89.4 | 88 | 104.7 | 134.5 | 2,482 | 89 |
| 3rd qtr. | 100.3 | 90.1 | 104 | 105.5 | 139.1 | 2,641 | 96 |
| 4th qtr. | 100.6 | 89.9 | 92 | 105.4 | 168.5 | 2,752 | 104 |
| Dec | 99.8 | 88.7 | 86 | 104.6 | 193.1 | 2,769 | 108 |
| 1982 | | | | | | | |
| 1st qtr. | 100.4 | 89.6 | 91 | 106.8 | 141.3 | 2,817 | 112 |
| 2nd qtr. | | | | 106.3 | | 2,878 | 107 |
| Jan | 99.9 | 86.6 | 87 | 107.0 | 143.9 | 2,812 | 112 |
| Feb | 100.5 | 90.1 | 93 | 106.1 | 137.6 | 2,818 | 113 |
| March | 100.3 | 90.2 | 92 | 106.8 | 142.3 | 2,822 | 111 |
| April | 101.5 | 89.9 | 99 | 105.9 | 146.1 | 2,850 | 110 |
| May | 102.6 | 91.2 | | 105.8 | 145.4 | 2,872 | 107 |
| June | | | | 107.0 | | 2,911 | 105 |
| July | | | | | | 2,926 | 111 |

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

| | Consumer goods | Invst. goods | Intmd. goods | Eng. output | Metal mnfg. | Textile etc. | Housg. starts* |
|---|---|---|---|---|---|---|---|
| 1981 | | | | | | | |
| 2nd qtr. | 93.1 | 89.3 | 118.0 | 85.2 | 78.4 | 75.5 | 14.1 |
| 3rd qtr. | 93.8 | 89.8 | 118.7 | 86.5 | 77.8 | 75.3 | 14.2 |
| 4th qtr. | 93.3 | 90.0 | 121.3 | 86.4 | 82.3 | 75.5 | 11.6 |
| Nov | 93.0 | 90.0 | 121.0 | 86.0 | 82.0 | 76.0 | 13.9 |
| Dec | 93.0 | 90.0 | 120.0 | 87.0 | 81.0 | 75.0 | 7.8 |
| 1982 | | | | | | | |
| 1st qtr. | 91.6 | 92.3 | 119.1 | 87.8 | 80.6 | 73.5 | 14.9 |
| Jan | 91.0 | 91.0 | 120.0 | 87.0 | 81.0 | 73.0 | 11.6 |
| Feb | 92.0 | 92.0 | 119.0 | 88.0 | 83.0 | 74.0 | 15.4 |
| March | 92.0 | 93.0 | 119.0 | 89.0 | 77.0 | 73.0 | 17.8 |
| April | 92.0 | 93.0 | 120.0 | 87.0 | 82.0 | 73.0 | 17.2 |
| May | | | | | | | 18.2 |

EXTERNAL TRADE—Indices of export and import volume (1975=100): visible balance; current balance (£m): oil balance (£m); terms of trade (1975=100); exchange reserves.

| | Export volume | Import volume | Visible balance | Current balance | Oil balance | Terms trade | Resv. US$bn* |
|---|---|---|---|---|---|---|---|
| 1981 | | | | | | | |
| 4th qtr. | 132.4 | 126.4 | +482 | +1,357 | +698 | 99.8 | 28.35 |
| Sept | 129.8 | 129.2 | + 58 | +271 | +291 | 99.8 | 23.70 |
| Oct | 135.5 | 122.2 | +396 | +688 | + 74 | 98.9 | 23.32 |
| Nov | 129.7 | 136.3 | −229 | + 63 | +205 | 100.1 | 23.46 |
| Dec | 130.0 | 130.6 | +315 | +606 | +419 | 100.4 | 23.25 |
| 1982 | | | | | | | |
| 1st qtr. | 125.4 | 123.1 | +224 | +553 | +652 | 101.0 | 18.97 |
| Jan | 118.9 | 123.4 | −152 | − 42 | +168 | 101.2 | 23.23 |
| Feb | 124.8 | 120.6 | +154 | +264 | +270 | 100.6 | 23.37 |
| March | 132.6 | 125.2 | +222 | +331 | +214 | 101.2 | 18.97 |
| April | 134.6 | 130.3 | +196 | +346 | +419 | 101.0 | 18.16 |
| May | 132.9 | 135.6 | −115 | + 35 | +327 | 100.7 | 17.82 |
| June | | | | | | | 17.70 |

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

| | M1 % | M3 % | Bank advances % | DCE £m | BS inflow | HP lending | MLR % |
|---|---|---|---|---|---|---|---|
| 1981 | | | | | | | |
| 2nd qtr. | 23.1 | 17.3 | 6.5 | +4,036 | 1,103 | 1,984 | 12 |
| 3rd qtr. | 8.1 | 18.1 | 29.7 | +6,031 | 868 | 2,057 | — |
| 4th qtr. | | | | +2,365 | 422 | 2,081 | — |
| Oct | − 4.7 | 20.2 | 24.0 | +1,425 | 154 | 690 | — |
| Nov | 7.6 | 17.3 | 20.4 | + 460 | 65 | 684 | — |
| Dec | | | | + 480 | 203 | 707 | — |
| 1982 | | | | | | | |
| 1st qtr. | | | | +3,126 | 967 | 2,157 | |
| 2nd qtr. | 2.3 | 8.0 | 26.2 | +4,485 | 1,344 | | |
| Jan | | | | + 857 | 356 | 665 | |
| Feb | 8.1 | 6.8 | 17.1 | +1,101 | 347 | 698 | |
| March | 3.9 | 7.1 | 24.5 | +1,168 | 264 | 794 | |
| April | − 3.1 | 4.7 | 26.1 | +1,619 | 437 | 728 | |
| May | − 0.2 | 9.3 | 26.8 | +1,627 | 478 | 709 | |
| June | +10.8 | 10.1 | 25.5 | +1,239 | 429 | | |

INFLATION—Indices of earnings (Jan 1975=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

| | Earn-ings* | Basic matls.* | Whsale. mnfg.* | RPI* | Foods* | FT* comdty. | Strlg. |
|---|---|---|---|---|---|---|---|
| 1981 | | | | | | | |
| 2nd qtr. | 202.2 | 225.8 | 219.4 | 294.0 | 277.0 | 245.07 | 97.8 |
| 3rd qtr. | 209.9 | 235.9 | 224.1 | 299.1 | 278.8 | 260.83 | 90.6 |
| 4th qtr. | 214.8 | 237.3 | 229.2 | 306.5 | 285.6 | 248.97 | 89.7 |
| Nov | 214.3 | 236.9 | 229.4 | 306.9 | 285.5 | 245.79 | 90.1 |
| Dec | 217.1 | 238.8 | 230.4 | 308.8 | 288.5 | 248.97 | 90.8 |
| 1982 | | | | | | | |
| 1st qtr. | 216.9 | 238.0 | 234.3 | 311.8 | 297.7 | 242.40 | 91.1 |
| 2nd qtr. | | 239.5 | 238.2 | 321.5 | 304.1 | 233.46 | 90.3 |
| Jan | 214.1 | 238.9 | 232.9 | 310.6 | 296.1 | 252.94 | 91.1 |
| Feb | 217.0 | 239.8 | 234.4 | 310.7 | 297.2 | 241.77 | 91.5 |
| March | 219.7 | 235.4 | 235.5 | 313.4 | 299.8 | 242.40 | 90.8 |
| April | 219.6 | 238.7 | 237.0 | 319.7 | 302.8 | 246.84 | 90.0 |
| May | 222.4 | 237.2 | 238.3 | 322.0 | 305.6 | 237.39 | 89.9 |
| June | | 242.7 | 239.2 | 322.9 | 304.1 | 233.46 | 91.1 |

*Not seasonally adjusted.

# NHS and rail stoppages boost strike figures

BY PHILIP BASSETT, LABOUR CORRESPONDENT

STRIKES in the National Health Service and on the railways have pushed the number of days lost through stoppages in the first half of this year to almost the total figure for days lost through strikes in the whole of 1981.

Provisional figures from the Department of Employment show 4,075,000 days lost through strikes in the first six months of 1982.

This compares with 4,266,000 days lost in the whole of 1981, and 1,134,900 lost in the same period last year. The six-month figure for 1982 is still lower than the average of 6,387,000 for the corresponding periods over the last ten years.

Figures released by the department show that so far the stoppages in the NHS have accounted for 1,330,000 days lost directly, though the department records that 127,000 days have been lost through miners' strikes in support of the NHS workers.

Only the strike by the National Union of Railwaymen, which lasted one day, is so far recorded in the strike figures. This lost 106,300 working days. Figures for the Aslef strike are not yet totalled.

Strikes by London Underground workers over new timetables caused the loss of a further 65,000 days.

The main component of the high six-monthly total is a sharp increase in the number of days lost in June—mainly because of the rail and NHS strikes.

The provisional estimate for June of 1,247,000 is the highest monthly figure since March 1980, when 3,262,000 days were lost in the final part of the national steel strike. The June figure compares with 560,000 days lost the preceding month, and to 358,000 days in the same month last year.

The June figures exclude absences from work on June 10—the TUC's Union Day, in opposition to the Government's Employment Bill — which mainly involved about 12,000 dockers.

# TUC ends its dispute with rail drivers

By John Lloyd, Labour Editor

THE TUC General Council yesterday buried with the minimum of fuss the controversy over its Finance and General Purposes Committee's decision not to support the train drivers' strike.

The much-mooted Left-wing revolt against the F and GP's stance came to nothing, in spite of a motion from the Fire Brigades Union and letters from union leaders deploring it. Part of the reason for the relatively calm passage of the issue through the General Council was the absence abroad of the chief critics.

Mr Ray Buckton, general secretary of the train drivers' union Aslef, made a brief statement on the decision by the special delegate conference of his union on Tuesday to accept the F and GP's advice to end the strike and negotiate implementation of flexible rostering—the issue at the heart of the dispute.

He apparently reported to the council the call from that conference for a reversal of the F and GP's decision, but did not press it. Mr Len Murray, TUC general secretary, said that while Mr Buckton clearly had strong feelings on the matter, his intervention was "temperate."

However, Mr Sid Weighell, general secretary of the National Union of Railwaymen, attempted to broaden the debate, criticising Mr Buckton's public statements after the F and GP's decision and emphasising the cost of the dispute to the railway industry. His line was not, however, followed by other General Council members.

The immediate repercussions of the incident seem to have damped down at TUC level, although there may be recriminations in August at the Congress, and possibly some criticism from within the Transport and General Workers' Union on the part played by Mr Moss Evans, the TGWU general secretary.

However, it is certain that a major set-piece battle will take place at Congress over the structure of the General Council itself. The Council yesterday agreed on a draft plan giving the large unions 37 automatic seats, the small unions 11 seats (whose holders would be elected from the unions concerned) and six elected seats reserved for women members.

# Transport union seeks national pay deal for most tanker-drivers

BY BRIAN GROOM, LABOUR STAFF

THE Transport and General Workers Union wants tanker-drivers' pay in all oil companies except Mobil to be dealt with in a single, unified negotiation this autumn.

At the moment nearly all the companies negotiate separately but with a common November settlement date. Mobil, which broke away three years ago, settles in May.

The move arises out of frustration over last year's 8.1 per cent deals. BP settled first at that level. Other companies were able to stick to it in spite of strike threats at Esso, Shell and Texaco.

Shop-stewards feel that if all the companies were dealt with in one collective negotiation they would have greater strength to resist low pay-offers, especially in the changed bargaining climate created by the recession.

The union's sanction against an unacceptable final offer from the companies would be national industrial action — perhaps a national tanker-drivers' strike, which would severely disrupt supplies to petrol-stations, industry, and other consumers.

The Government's response to such action would be to bring in troops to distribute oil supplies.

The union's decision was taken at a conference of oil-trades delegates on Tuesday. It called for national talks on pay, job security and reducing the 40-hour working week covering tanker-drivers and other manual distribution - workers. The motion was passed overwhelmingly, with Mobil delegates abstaining.

An approach to employers will be made shortly but it seems likely to be rejected. Such national negotiations have not taken place since the mid-1960s when Mobil and Esso pulled out. National talks were considered to discourage pay and productivity initiatives by individual companies.

Esso is trying currently to reach a radical productivity deal with its distribution workers. This may involve shifting from the November settlement date.

The TGWU's move reflects a similar call by the union for national bargaining in the hire-and-reward road-haulage sector, reversing the union's previously strong insistence that pay-bargaining should be at regional level.

If the oil companies reject the call for national bargaining the TGWU will call another delegate conference to decide what to do next.

Tuesday's conference also decided the outline of this autumn's pay claim. It seems pay rates achieved at Mobil already will again be the target.

The tanker-drivers will be looking for at least an 8 per cent deal to match Mobil's recent settlement, and 3 per cent more to cover a differential in favour of Mobil drivers which arose in last year's settlements.

# BR pressing for swift agreement on rosters

By Our Labour Correspondent

BRITISH RAIL is likely to meet leaders of the train drivers' union today for the first round of a concentrated series of negotiations to reach a new national agreement on the vexed productivity question of more flexible work rostering.

Senior BR officials were attempting yesterday to arrange a meeting this afternoon of the Railway Staffs' National Council, the industry's premier negotiating body, after the acceptance of the principle of flexible rostering by the recalled conference of the Associated Society of Locomotive Engineers and Firemen (Aslef).

If convened, a meeting of the national council would be likely to set up a sub-committee to go through the Railway Staffs' National Tribunal Decision No. 77 in favour of flexible rostering to work out the basis of a new agreement.

However, under the TUC formula which ended the Aslef strikes over the issue, the negotiations on a new agreement have to be completed within six days of the recalled Aslef conference.

BR is determined to stick to this timetable, which it sees as providing a deadline of August 2.

It might be prepared to relax the timetable a little if there was clear progress towards an agreement, but if Aslef showed signs of refusing to co-operate, the British Railways Board would press ahead with the implementation at more depots of the new rosters.

There are 71 depots working the rosters without complaint at present.

Progress on the other outstanding productivity items is unlikely before the meeting of the Railway Staffs' National Tribunal next week to discuss this year's railway pay settlement, although there have been informal talks between BR and the National Union of Railwaymen on one-man operation of trains.

The NUR will argue before the tribunal that it has delivered on productivity, but the cases of Aslef and the white-collar Transport Salaried Staffs' Association will not be so wide and are likely to be confined mainly to pay.

● Unions and management at BR Engineering Ltd (BREL) yesterday accepted the report of a working party on redundancies in the company's railway workshops.

The report sets out the terms on which BREL will seek voluntary redundancies.

# South-east and north-west lead 'days lost' league

BY PHILIP BASSETT, LABOUR CORRESPONDENT

REGIONAL figures published yesterday for days lost through stoppages last year show the south-east and the north-west as the areas most affected by strikes.

While the figures in the Department of Employment's Gazette, involve more estimations than the national strike figures—because of the allocation of national stoppages to particular regions—they show a significant pattern of strike activity.

Since the south-east has the highest working population, spread in diverse industries, its place at the top of the list is not surprising.

Despite the industrial decline which has occurred in the north-west, strike activity there is still high. Indeed, the figures broadly confirm the idea that particular areas—the north-west, the north-east, the West Midlands and Scotland—are regions which traditionally exhibit considerable industrial militancy.

The figures are contained in an unusually detailed analysis of last year's strike figures by the department. Another set of figures shows that nearly one-third of all strikes last not more than a day.

Thirty-one per cent of all stoppages beginning in 1981 did not last longer than this and a further 14.7 per cent lasted less than two days.

The figures gradually fall away to only 2.2 per cent of strikes lasting more than 50 days, but strikes lasting not more than 10 days account for 13.9 per cent of the total.

**STRIKES BY REGION —DAYS LOST**

(All industries and services—000s)

| | |
|---|---|
| South East | 843 |
| North West | 692 |
| West Midlands | 613 |
| Scotland | 599 |
| Yorks/Humberside | 449 |
| North | 341 |
| Wales | 292 |
| South West | 171 |
| East Midlands | 116 |
| East Anglia | 80 |
| Northern Ireland | 69 |
| Total | 4,266 |

# Police pay decision deferred

By Ivo Dawnay, Labour Staff

THE Police Negotiating Board, covering 120,000 police officers, has deferred making a recommendation on pay rises for the coming year to allow management to seek clarification on how the increases are to be paid.

The decision delays the expected announcement of a 10.3 per cent rise for the police — a figure likely to be politically embarrassing for the Government in the context of the Health Service dispute where workers have been offered deals of 6 and 7.5 per cent.

The Office of Manpower Economics said the week-long deferment had been agreed to allow managers to "clarify" points arising from a statement by Mr Michael Heseltine, the Environment Secretary, on Tuesday.

Mr Heseltine announced that the Government has increased its expenditure target for local authorities next year by £900m, or 5 per cent.

However, the police managers are seeking assurances that any overspending brought about by the police pay award will be met by central Government which currently pays 50 per cent of costs for the service.

Many local authorities are expected to have budgeted for substantially less than a 10.3 per cent rise for police. This figure has been widely anticipated following the announcement earlier this month of a 10.3 per cent rise in average annual earnings in May.

# Shell tanker driver dispute may escalate

By Our Labour Staff

SHELL managers are worried that a dispute with tanker drivers at the company's Shellhaven terminal, Essex, may escalate into a wider battle over depot closures.

Transport and General Workers' Union senior shop stewards are to hold a national conference today. This was called to draw up this autumn's pay claim, but it may become dominated by the closures issue.

There were fears inside the company last night that some stewards may call for national industrial action.

Shell is in the process of closing eight terminals in a rationalisation programme announced six months ago. These include Northfleet in Kent, and Silvertown, East London.

Two weeks ago, the 70 drivers at Shellhaven were suspended without pay for blacking, deliveries transferred from Northfleet and Silvertown. Other depot workers came out in sympathy.

The Shellhaven workers were seeking extra payments parallel to the £165 annual London weighting allowance paid to drivers at Northfleet, and the £402 paid to those at Silvertown.

The company refused, and has stuck adamantly to its line that the Shellhaven terminal is outside the London area.

# £500m spent last year on measures to help jobless

BY OUR LABOUR CORRESPONDENT

THE GOVERNMENT spent £500m last year on special measures to help the unemployed, according to the Manpower Services Commission's annual report, published yesterday, on the cost of its special programmes.

The accompanying table shows the sharp rise in the amount spent on the Youth Opportunities Programme, to help the young unemployed, a similar-scale rise in money for the Community Enterprise Programme, for the long-term unemployed, and the almost complete close-down of the old Job Creation Programme.

A record 553,000 young people—including about half of all 1981 school leavers—entered YOP, and more than 34,000 adults out of work for a long period were given temporary work under CEP.

The report shows the unit cost per entrant in the MSC's major employment schemes. The YOP cost per unit was provisionally £950 in 1981-82, at a provisional net cost to the Exchequer of £568.

Comparable unit costs for CEP were £3,264, or a net Exchequer cost of £1,030.

Tax this time was higher at £128,647 (£24,043). Profits after tax rose from £76,947 to £112,219, but after minority interest this time of £45,862, the surplus was lower at £66,357, compared with £76,947.

Preference dividends came to £41,191 (£56,100), which was the payment on the 12.75 per cent cumulative shares from January 1 1982 to May 14, the date on which these shares were cancelled.

Attributable earnings were shown as rising from £20,847 to £25,166.

On a current cost basis losses of £49,100 were shown before tax and the loss per share was 0.35p.

**MSC SPECIAL PROGRAMMES**

| | £m | | | |
|---|---|---|---|---|
| | 1978-79 | 1979-80 | 1980-81 | 1981-82 |
| Youth Opportunities Programme (YOP) | 62.7 | 121.8 | 212.3 | 400.9 |
| Community Enterprise Programme (CEP) | 9.3 | 51.0 | 45.7 | 89.6 |
| Community Industry | 11.7 | 17.0 | 19.0 | 21.2 |
| Job Creation Programme | 76.9 | 4.9 | 0.5 | 0.1 |
| Total | 160.6 | 194.7 | 277.5 | 511.8 |

# De Lorean workers end Belfast plant blockade

PROTESTING De Lorean car workers have ended a seven-week sit in at their Belfast factory. They agreed to lift a blockade on stockpiled cars and spare parts for export to America, and to allow vital maintenance work to be carried out at the plant.

The sit in officially ended following talks between management and shop stewards at the Labour Relations Agency in Belfast.

This means 214 workers will resume duty at the sports car factory on Monday while negotiations continue to try to save the De Lorean firm from going out of business completely.

APPOINTMENTS

# Mothercare managing director

Mr Kevyn Jones has been appointed managing director of MOTHERCARE UK. He joined Mothercare as a trainee area manager in April 1969 and became a director in July 1980.

★

Mr Dirk de Bruyne has been appointed a non-executive director of OCEAN TRANSPORT & TRADING from August 1. He retired as chairman of the committee of managing directors of The Royal Dutch/Shell Group of companies at the end of June.

★

Mr John Beardow has been appointed financial director TOOLING INVESTMENTS GROUP, which includes Alfred Herbert. He was financial director, Wickham Automatic Lathes.

★

Mr John Heaton has been appointed director of production and engineering for ELIZABETH ARDEN. He was director of engineering for Eli Lilly and Co. and is succeeded by Mr Terry Mills. Both moves from August 1.

★

Mr J. G. Gilhertson has been appointed director of LONDON AND OVERSEAS SUPPLIES, suppliers to the oil and petrochemical industries. He was formerly vice-chairman, Metal Box.

★

Mr Iain Harris has been appointed a director of GOOD RELATIONS CITY, financial public relations company of Good Relations Group. He was a director of Shandwick Consultants.

★

Mr M. H. R. Thompson has been appointed a director of LLOYDS BANK UK MANAGEMENT from August 1. He is an assistant chief general manager of Lloyds Bank and has, for the past few months, been director in charge of the merchant banking division of Lloyds Bank International.

★

Sir Derek Ezra has been appointed to the board of REDLAND from August 1.

★

Mr Marshall Stewart is to be the first director of public affairs at CENTRAL INDEPENDENT TELEVISION, based in Birmingham. He is currently the BBC's head of information and in 1974 became chief editor of Britain's first commercial radio station, LBC, and of independent radio news.

★

Mr David C. Hogan has been appointed financial controller of CERRO METALS (UK).

★

Mr Mark S. Mishon has been appointed managing director of GREENWOOD INDUSTRIAL DEVELOPMENTS and has been appointed to the board of Greenwood Development Holdings.

★

Mr Jack Seabright will be joining the board of CHURCH AND CO. as a non-executive director from August 1. He is managing director of Henley Distance Learning, part of Henley Management College — and was formerly joint managing director of MFI Furniture Group.

★

Mr Robert Tasker Paice will retire from executive duties with the CATER ALLEN GROUP on July 31. He will remain on the board of the holding company in a non-executive capacity.

★

Mr A. E. D. Walters has been appointed executive director—home sales at DOWTY MINING EQUIPMENT.

★

Mr Peter Giblin is leaving Russell Reynolds Associates to become a managing director of SAMUEL MONTAGU AND CO. Mr Julian Salnty is promoted to executive director within the RUSSELL REYNOLDS banking practice. Mr James Hervey-Bathurst an associate director will be leaving Russell Reynolds on September 3 to attend the Royal Agricultural College, Cirencester. Mr Mathewson B. Green is joining Russell Reynolds in London on September 1 as an executive director in the Middle East practice.

★

Appointed as part-time members of the POLICE COMPLAINTS BOARD for three years from July 30 are Mr Brenton Mitchell (president of the Society of Black Lawyers) and Mr Guy Wilson (a chairman of the Legal Aid (General) Committee).

★

Mr Alan Gladwin has resigned as managing director of Northern Ideal Homes and as a director of NEW IDEAL HOLDINGS. He has asked to be released with immediate effect and will leave the group on October 31. Mr Bill Box, the director responsible for technical services of Northern Ideal Homes, has been appointed acting general manager. New Ideal Holdings is the holding company for the house building division of the Trafalgar House Group.

★

Mr Keith Lewis has been appointed managing director of STEIN ATKINSON STORDY.

★

Mr Ray Mott, chief executive of Fairclough Building has been appointed a director of FAIRCLOUGH CONSTRUCTION GROUP. He joined Fairclough in 1976 and was appointed chief executive of Fairclough Building on January 1.

★

Mr P. Sykes has been appointed chairman of YORKSHIRE FINE upon the retirement from the board of Mr A. Haigh.

★

DYN-METAL has set up a plastic services division to be headed by Mr Colin Arnold who was managing director of Cole Equipment.

★

Mr Jim Donaldson has been appointed managing director of THE P-E CONSULTING GROUP, management consulting wing of P-E International. He succeeds Mr Len Weaver who is leaving the group to become executive chairman of Polymark International.

★

Mr Shigeyuki Suzuki, general manager of MITSUI O.S.K. LINES, is returning to Japan as director of the bulk transportation division at Tokyo head office. Mr Naomichi Korenori, general manager of liner dept. "A," Tokyo, has been appointed as his successor.

★

The INDEPENDENT BROADCASTING AUTHORITY has appointed Mr Ralph Kaner, deputy chairman of the UK confectionery division, Rowntree MacKintosh, to its advertising advisory committee. He replaces Mr Robert Wadsworth who has retired. The committee advises the authority on the principles involved in the control of broadcast advertising. The authority has reappointed Mr Ramindar Singh, a member of the National Consumer Council and a lecturer in economics, Dr Harry Fidler, a vice president of the British Medical Association, and Dr Gordon Fryers, consultant director of medical affairs of the Proprietary Association of Great Britain, whose three-year term of office had come to an end.

★

Mr A. H. Evans, former sales director of CENTAUR CLOTHES, becomes assistant managing director. Mr R. J. Smith former company secretary adds a directorship. Mr D. Rauth, former design executive becomes executive director responsible for styling. Mr D. F. J. Abbott, formerly divisional sales controller becomes divisional sales director and Mr B. Norgan moves from manager to divisional controller.

★

Mr Charles King-Farlow and Mr Edwin W. Lock have been appointed to the board of HOGG ROBINSON (BENEFIT CONSULTANTS).

# UK NEWS — PARLIAMENT and POLITICS

# Tory MPs expect Prime Minister to reshuffle in the autumn

POLITICAL conversation inescapably turns as much on personalities as policies, and among Tory MPs that now means the widely expected reshuffle of Ministers after the holidays.

Who is likely to be for the chop and who for promotion? No one really knows. But that does not stop gossip based on hints from this Minister or that member of Mrs Thatcher's entourage.

The following is therefore speculation. The final decision will be taken by Mrs Thatcher herself after talking to a small group, probably including Mr William Whitelaw, the Home Secretary, Mr Michael Jopling, the Chief Whip, Mr Cecil Parkinson, the party chairman, and Mr Ian Gow, her parliamentary private secretary.

The best guess is that the changes will come in the early autumn before the Conservative Party conference, though they could be delayed until Christmas because of the defence review.

The view of senior Ministers is that any changes at Cabinet level will be limited, with a wider reshuffle in the middle and junior ranks.

On this view, Mrs Thatcher already has roughly the Cabinet she wants, having rid herself of Sir Ian Gilmour, Mr Norman St John Stevas and Mr Mark Carlisle and replaced them with men more in sympathy with her views, such as Mr Norman Tebbit and Mr Nigel Lawson.

The key to any changes lies in the three traditional offices of state: Chancellor of the Exchequer, Home Secretary and Foreign Secretary. At last Thursday's end-of-session meeting of the Tory backbench 1922 Committee, Mrs Thatcher praised both Sir Geoffrey Howe and Mr Whitelaw. The cynics would say that such tributes are the prelude to moves. But there is no sign that Mrs Thatcher is thinking that way yet, at least.

Mr Whitelaw is in many ways the centre of gravity of the administration as the custodian of traditional Toryism, yet loyal to the Prime Minister. He appears determined to stay where he is, both for this reason and to defeat his internal party critics on law and order.

Sir Geoffrey similarly appears Since he shows no sign of want- to want to stay at the Treasury, not least to try to demonstrate that his policies are justified. Since he shows no sign of wanting to become Lord Chancellor yet, his possible moves are to the Home Office or Foreign Office, both of which appear blocked. In the latter case, while Mrs Thatcher and Mr Francis Pym are not on the same wavelength and are wary of each other, the Prime Minister is likely to be reluctant to have two changes of Foreign Secretary in less than six months.

This leaves Mr John Nott, the Defence Secretary, in the most intriguing position. He has come under strong attack from the navy lobby on the Tory backbenches, but, so far, he has had the backing of Mrs Thatcher for his handling of the Falklands conflict.

**Peter Riddell, Our Political Editor, examines prospects for a reshuffle and finds that Sir Keith Joseph, (left), Education Secretary, and Mr David Howell (right), Transport Secretary, could well figure in any changes Mrs Thatcher may have in mind.**

Mr Nott is also determined to defend the present strategy of a large army commitment to the North Atlantic Treaty Organisation in West Germany and to see through the current post-Falklands defence review. But this should be completed by the late autumn, when he might be ready for a move.

Lord Hailsham's future as Lord Chancellor partly seems to depend on his health and, anyway, his replacement may only involve peers (if it is Lord Rawlinson) or the law officers, and would not have wider implications.

Many other Ministers have been at their present posts only since last September. Most are regarded at Westminster as having done quite well, though Mr David Howell, the Transport Secretary, and Sir Keith Joseph, the Education Secretary, have poor reputations, based largely on their performances in the House.

Mr Howell appears to have become accident prone and has few supporters, though he may have retrieved his position slightly during the rail dispute. Both men are, however, strong supporters of the Prime Minister who feels a particular personal loyalty to Sir Keith, who is said to enjoy his work at Education.

The odds are that, while Mr Howell's days may be numbered, Sir Keith could be moved to some non-portfolio advisory post in the Cabinet.

Of the critics of the Government's economic strategy who remain in the Cabinet, none look immediately vulnerable. Mr Michael Heseltine, the Environment Secretary, is regarded as a loner who puts forward his detailed alternative strategy and, when rebuffed, goes back to run his department and does not conspire.

Mr Peter Walker appears politically isolated in the Cabinet, but he is seen as a good Minister, even though he may now want a change from the Ministry of Agriculture.

Mrs Thatcher and Mr James Prior, the Northern Ireland Secretary, undoubtedly dislike each other strongly. But Mr Prior can hardly be moved before the Northern Ireland Assembly elections on October 20 and he could be a formidable foe on the back benches.

There are various permutations for promotion, depending on the number of moves. For example, if Mr Nott was moved, his replacement could be either Mr Walker or Mr George Younger, the Scottish Secretary and a defence specialist. Either of these posts could in turn be taken by Mr Alick Buchanan-Smith, the number two at Agriculture and a Scottish member. However, Mr Michael Jopling, the Chief Whip, is said to have told friends that be is expecting a move in the autumn end his background would fit him for the Ministry of Agriculture.

Otherwise, the leading contenders for the Cabinet include Mr Tom King, the Minister for Local Government, who, much to his colleagues' surprise, has been passed over before, most recently as a possible Trade Secretary last April. Mr Timothy Raison, Minister of State at the Home Office, is widely tipped for promotion, as is Mr Douglas Hurd, the number two at the Foreign Office, although he may still be too much of an ex-Heath aide end Foreign Office man for Mrs Thatcher's liking.

Mr Peter Rees, the Minister for Trade, could also be a strong runner since his views fit in with Mrs Thatcher's approach.

Other possibles are Mr Hamish Gray, of Energy and Mr Kenneth Baker of Industry.

Any of these changes could create further vacancies and Mrs Thatcher might take the opportunity to replace some of the older and less distinguished of the middle ranking Ministers.

Among those mentioned as possible casualties are Mr Neil Marten, Minister for Overseas Development, who is anyway retiring at the next election, Sir Ian Percival, the Solicitor General, the Earl of Mansfield at the Scottish Office, Mr Geoffrey Finsberg at the Department of Health and Social Security, and Mr David Mitchell at the Northern Ireland Office.

Mrs Thatcher could boost back bench morale by bringing into the Government some of the 1974 and the large 1979 intake of MPs, many of whom are already unpaid parliamentary private secretaries. In the present Administration the whips' office has also been a route to ministerial office.

The end result is unlikely to change significantly the balance of the Government. The Cabinet is already much more to Mrs Thatcher's liking and in her mould than the original 1979 administration. A further major restructuring is likely to wait until after the next election. But all this is only what Ministers and MPs expect—and Mrs Thatcher has been known to surprise us.

# 'Butcher' Cumberland rides again

By John Hunt, Parliamentary Correspondent

AS THE PROSPECTS of a general election draw closer, any Government announcement which involves public expenditure receives increasingly curious treatment in the Commons. Whatever course the Government takes — whether increasing spending, cutting it, or merely keeping it at the same level — there is an invariable barrage of criticism from the opposition parties.

Yesterday provided a classic example of this no-win situation.

First, Mr Nicholas Edwards, the Welsh Secretary, announced that he was cutting grants to Welsh local authorities who had overspent last year and planned to do the same this year. On the other hand, the Government would allow their overall spending to rise by 4 per cent next year.

But hold on a minute. Did that really mean an increase was on the way? Not according to Mr Alec Jones, Labour's Welsh spokesman. When price rises of 7½ per cent and pay increases of 4 per cent were taken into account, it would he a cut in real terms. This brought the usual stream of invective from the Labour benches. According to Mr Jonea, it was all pretty shabby and would be greeted with dismay and bitterness in the principality.

Leaving behind these scenes of carnage end destruction in the Welsh valleys, MPs switched their attention to a grim situation in the Highlands of Scotland. Mr George Younger, the Scottish Secretary, announced that the Government had failed

PARLIAMENTARY SKETCH

to find a company which was prepared to take over the Invergordon smelter, which the British Aluminium Company closed last December with the loss of 900 jobs.

In an effort to save the plant, the Government had cast aside its doctrinaire philosophies and offered prospective operators an annual subsidy of £20m a year for five years. In fact, Mr Younger doggedly tramped the country for seven months and talked with 16 companies which showed interest. Despite this display of Government munificence, not one had been prepared to clinch the deal. This was not surprising, in view of the world slump in aluminium and the low level of prices for the metal.

Alas, politics is a thankless task, and all these strenuous efforts brought little reward for Mr Younger yesterday. Judging by the outcry from the Opposition, he seemed to be a reincarnation of "Butcher" Cumberland — who suppressed the Jacobite rebellion of 1745.

Mr Bruce Millan, Labour's Scottish spokesman, growled that Mr Younger was guilty of a "gross dereliction of duty." We then saw Mr Roy Jenkins, the Social Democrats' leader, wreaking his revenge for the tough time the Tories gave him during his successful by-election campaign at Hillhead.

Mr Jenkins recalled that during the crucial by-election Mr Younger had confidently predicted that the smelter would open at Invergordon. "Was it your judgment or your frankness that was at fault?" he asked.

Mr Jenkins sat with his Cheshire cat smile shaking his head in sad disbelief as Mr Younger innocently protested that he had been "very frank" throughout the whole affair.

Mr Gordon Wilson (Scottish National, Dundee East) accused Mr Younger of creating the greatest industrial desert in the area since the Highland clearances.

Scottish Conservatives were obviously worried about the electoral impact north of the border and there seemed a note of desperation as Mr Albert McQuarrie (Con, Aberdeenshire East) urged a last-minute attempt to reprieve the smelter by the creation of a "public-private company."

The only Tory back bencber still voicing the authentic Thatcherite doctrines was Mr Ian Lloyd whose constituency of Havant and Waterloo is at the other end of the country.

# Labour rejects bank takeovers

BY MARGARET VAN HATTEM, POLITICAL STAFF

LABOUR'S national executive Committee yesterday rejected a proposal to nationalise Britain's four big clearing banks. Instead, it adopted plans to strengthen controls over the banking system to divert more investment to British industry and to reserve powers to nationalise one or more of the clearing banks if the controls fail.

The plans proposed by Mr Doug Hoyle and adopted on a vote of 17 to 7, were supported by Mr Michael Foot, the party leader, and Mr Denis Healey, the deputy leader.

Labour's proposed banking policy, now set out in a document to be forwarded to the party conference in September, calls on the Bank of England "to ensure that bank lending to industry supports industrial planning and that long term lending is expanded." If necessary, it adds, new legislation will be introduced to clarify the bank's powers.

Investment projects approved by the Government should "automatically atatact the necessary capital funds," it says, and the clearing banks, merchant banks and overseas banks "would be expected to play a full part in providing such funds."

The document also calls for a new banking tax related to profits, to be paid in addition to Corporation Tax.

Labour will set up a new national investment bank which, together with a new People's Bank (a merger of the National Girobenk and the National Savings Bank) will provide "powerful Instruments for the reform of the banking system."

The banks, especially the main clearing banks, will be expected to make radical changes in their lending policies to boost investment in industry and to co-operate in Labour's "broader objectives of social control." If the banks fail to co-operate, public ownership could "provide the only answer," the document says.

It also proposes controls over pension funds, though these would be significantly weaker than those imposed on banks. It suggests the aetting up of an independent investment monitoring agency to scrutinise pension fund investment.

● The NEC endorsed the candidature of a supporter of the Militant Tendency who, following an inquiry into selection procedures, bas been reselected for Bradford North constituency. But it repected by 15 votes to seven a move to endorse Mr Paul Boateng who has been selected for Hemel Hempstead. The matter has been referred to the NEC's organisation committee for *further scrutiny in September.*

● Mr Foot was overruled when the NEC agreed to break links with all ruling parties in Warsaw Pact countries. None will be invited to send observers to this year's party conference. The move, proposed by Mr John Golding and supported by Mr Healey in response to Soviet involvement in Poland was carried oo a vote of 10 to 9.

# Speedier entry plea for Asians

BY LISA WOOD

EXTRA VOUCHERS should be issued by the Government to speed up entry into the United Kingdom of East African Asians living in India, a Commons select committee said yesterday.

The Home Affairs Committee, in a report on immigration from the Indian sub-continent, also recommended a cut-off date, at the end of 1987, whereby United Kingdom passport holders in India would only be accepted if they were under political pressure, as with the rest of the world, outside East Africa. The special voucher system was devised because of the pressures on Asians in East Africa, in late 1960s and early 1970s.

"This would, in the long term, allay any public apprehension that might be caused by a sbort-term rise in UK immigration," the committee said.

The committee added: "The facts are that under 10,000 people in the queue will come to this country, that in the future, at most, 350 applications will be lodged each year and that tbat rate is likely to continue to decline." Given the continuing fall in immigration generally from the Indian sub-continent, the committee said its package would not lead to a net rise in immigration.

In India, at the end of 1981 the queue of UK passport holders heads of households consisted of 4,930 outstanding applications. The allocation of special vouchers in India is 600 a year out of a world total of 5,000, of which only some 25 per cent were used in 1981.

The committee estimated that if applications continued to come in at a rate of 350 a year from India and if 20 per cent of applicants withdrew on being offered a voucher, it would be 12 years before the queue was cleared. The current waiting time is about six years.

The committee recommended that the queue should be cleared by the issue of 1,200 extra vouchers in both 1983 and 1984. From 1985 the quota of 600 a year would continue until all who applied before 1987 were admitted to the UK.

The committee described the majority of UK passport bolders in India as "independent businessmen" and said: "It cannot be too strongly emphasised that they are in India because they have suffered such pressures at their most extreme."

# MP urges more cuts in quangos

BY OUR POLITICAL EDITOR

FURTHER ACTION is needed to cut down the number of quangos — quasi-autonomous, non-governmental organisations —according to a Conservative Political Centre pamphlet published today by Mr Philip Holland, MP for Carlton.

Mr Holland, a prominent and long-standing campaigner against quangos, pays tribute to the Government's record of abolishing them since the last election — an average of 200 a year. But, he says, Ministers must not let up, and makes a number of suggestions:

1. A new brand of executive agency should be developed to replace the atandard ministerially-dominated quango. Such agencies should be set up by appropriate professional institutions, trade associations, or industrial federations to act under clear terms of reference.

2. Each Secretary of State should publish annually a register of non-departmental public bodies with which be is associated, as a regular progress report on their numbers, powers, activities, and use of public funds.

3. Any new advisory bodies should be established either with a specific task, which would lead automatically to the dissolution of the body when the task was completed, or else with a definite lease of life, after which the committee would be disbanded.

Mr Holland argues that the next step would be the introduction of what is known in the U.S. as "sunset legislation," which applies a finite lease of life to executive agency quangos.

*"Quelling the Quango" by Mr Philip Holland, MP for Carlton, published by Conservative Political Centre, £1.50.*

# Reporters attack task force 'lies'

BY ANDREW WHITLEY

OFFICIALS IN London and with the Falklands task force deliberately fed journalists incorrect information on a number of occasions, a Commons Select Committee was told yesterday.

Journalists who travelled with the task force told the all-party Select Committee on Defence that the information was designed to minimise British losses and make it appear that the Argentines in Port Stanley were suffering badly from the British blockade.

Robert McGowan of the Daily Express described how journalists aboard Canberra were fed stories that the Argentine troops were so hungry that they were forced to eat cats and dogs. But when the Falklands capital was recaptured they discovered that Argentine rations were as godd as, or better, than those provided by the British Army.

Another example of manipulation, it was alleged, was the initial description of casualties from the bombing of the Guards aboard the landing ship, Sir Galahad, as "minimal." In fact Ministry of Defence censors were aboard the ship where many of the badly wounded were taken.

In a written submission to the committee, which has now completed its initial hearings, Mr Peter Preston, editor of the Guardian, spoke of "propaganda disinformation." On one occasion the lobby ystem was used to plant a misleading story.

Argentine manipulatinn of news given out to foreign correspondents covering the war from Buenos Aires was related by Hugh O'Shaughnessy of the Financial Times. "I think what the Argentines were trying to do with the foreign Press is what they customarily do," he said, "veiled semi-censorship backed up by violence."

There had been no actual censorship of despatches sent from Argentina and journalists bad not experienced difficulties in getting their stories out. A 24-hour "war room," made available to the foreign press, was used to distribute both information and misinformation.

# Four-vote defeat in Lords

THE GOVERNMENT was defeated by four votes in the Lords last night on a move by opposition parties to boost worker participation.

The defeat came during the report stage of the Employment Bill when peers approved by 116 votes to 112 a new clause making directors of firms with more thao 200 workers publish in their annual reports details of progress made in the preceeding year on employee participation.

# Accountancy Appointments

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# JOBS COLUMN

# Motivation—not stirred, but shaken rigid

BY MICHAEL DIXON

THESE PAST few days I have come to regret that, to judge by their responses, readers of this column are fascinated by motivation. Otherwise I'd feel it permissible just to forget the promise I made in the last article on that topic on July 1. The promise was to take and report on the psychological tests developed by Professor Arthur Sweney and his colleagues at Wichita State University in Kansas.

The drift of the article four weeks ago was that the professor differs from the general view of motivation — the essentially mysterious concept we conjure up to explain why people often work either better or worse than we would be led to expect by the manifest circumstances of the case.

The general tendency is to see people working worse than would be expected as lacking motivation, and those working better as possessing it. Moreover, we mostly seem to believe that the more motivation people have, the better their performance will go on growing.

Art Sweney would not deny that our fits of apathy can be the result of a lack of motivation. For he thinks that until we have built up a certain amount of it, we cannot get going at all. He calls that initially necessary amount the "threshold" for evoking action.

The lower and therefore more easily reached that threshold is in people, the less resistant they are to starting to work. But the amount needed to reach it varies between different people, and in the same person from one set of circumstances to another. We also differ in the shares of our total motivation that we draw on the one hand from our own internal volition, and on the other from external sources. As well as the prospect of material reward or punishment, the outside sources include our sense of what is due to other people who are important to us, and so on.

What the professor does deny is the notion that our working performance will go on increasing endlessly as more and more motivation comes our way. Instead he believes that, just as there is a bottom threshold below which we have not built up enough motivational tension to start us moving, there is also a top threshold beyond which we can't be doing with any more of the stuff.

Above that ceiling additional pressure, whether self-generated or externally induced, will result in worse instead of better performance and an increasing, intuitive resistance to taking on any challenges whatsoever. Again, the level of tension at which we reach the top threshold varies from person to person and with the individual's circumstances.

It is with the aim of assessing different people's susceptibility to the tension, the extent to which they are mainly internally or externally motivated, and their characteristic behaviour that the professor and his colleagues have developed the "Motivational Style Measure."

## Factors

Among the many minor variations shown by people who have been tested, Art Sweney believes he has detected three main factors. Each of these can be viewed as a line stretching between one particular extreme style of motivation and another which is its polar opposite.

Real people seldom reflect any of the extremes, but just turn out to be more towards one pole than the other. Nor do we conform exclusively to only one of the factors. We almost always combine bits of all three main tendencies. So the test maps us on what could be thought of as a six-pointed star made up of the three lines intersecting at the centre with the extreme styles at the end of each line forming the points.

The style at one end of the first line is the so-called constrained worker. People of this kind tend to do little on their own internal volition, responding largely to their sense of obligation to others. While they easily they are as quick as any other among the extreme types to hit the ceiling.

"They tend to be suspicious of those things which are personally pleasurable," the professor adds. "Their happiness depends on the happiness of those around them. They become extremely dysfunctional in an atmosphere of disharmony."

The impulsive workers who represent the opposite point of the star do seek personal fulfilment. They tend not to be turned on to work at all until their motivational tension has passed the point at which their constrained counterparts are turned off. And the distance between their floor and their ceiling is very narrow.

Their impetus comes largely from inside; external pressure tends to carry them little further. "Their feeling of obligation to others is slight."

At one end of the second line we find independent workers. They turn on at half the tension needed to set impulsive workers going, but they also soon turn off again as well as derive their impetus largely from within. Their ability to maintain an independent view is valuable in management, but they are inimical to the politics so central to managerial processes.

The polar opposite here consists of passive workers. They very quickly get going, although far less in response to their inner urgings than to external inducements. Given money, praise, social pressure and so on they will take a great amount of motivational tension before reaching their top threshold. "This passivity tends to generate efforts by others to control it, and they become more and more the vehicle for accomplishing others' goals."

The third line is bounded at its first end by flexible workers. They need much more push to get them moving than passive workers do, but they will then go just as far before they hit their ceiling. They respond about equally to their internal promptings and outside pressures.

Their "high tolerance for uncertainty" and willingness to take on a wide range of challenges, however, can result in "image of disorganisation or indecisiveness."

Theirs is a blissful state by comparison with that of their opposite — the dreaded rigid workers. They are as quick as anyone to cross the bottom threshold, drawing about 50/50 on internal and external promptings, but by far the fastest to crash against the top one.

"The real difficulty with this worker is the high resistance to change and to accepting any kind of positive suggestions. He seems to be unimpressed by any of the traditional incentives and he at the same time discounts his own desires or wants."

Which brings us to the Jobs Column waiting to hear the outcome of its tests. My reluctance to keep the four-week-old promise may be gauged from the professor's words.

"Do you think of yourself as a rigid worker?," he said. Crikey!

Fortunately he swiftly softened the blow by pointing out that I wasn't suffering from extreme rigidity, although I had more than enough to be going on with. I was otherwise fairly balanced, being only a bit more passive than independent and a bit more impulsive than constrained.

Then he reduced the discomfort further still by showing me that there is no earthly reason why I should stay in such an unsatisfactory state, supplying various pointers to the most promising routes out of it, and sending me off to think constructively.

So it is perhaps as well that the Jobs Column is now going off on its summer break, during which it will do its best to follow Art Sweney's advice to become "as loose as a goose". Unless it somehow contrives to go as nuts as a monkey instead, we should meet again on September 16.

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# International Appointments

















# BUSINESS LAW

## Flexible approach to damages

BY CELIA HAMPTON

THE ASSESSMENT of damages is a science with many imperfections. Considering the length of time the courts have been assessing them, it is remarkable that there should be so much uncertainty about the rules. Damages aim to put the injured party as nearly as possible into the position he would have been in had he never been affected by the fault of the person he is suing. This is naturally a delicate and complex calculation at times. Moreover, the inherent difficulty of translating all losses into terms of pure money value should encourage the courts to avoid rigid rules and technicalities.

By and large, the courts have been adopting an increasingly flexible attitude towards damages, often bypassing awkward old cases and striving for justice to the claimant rather than obedience to the rules. Where an old Court of Appeal or House of Lords case exactly fits the facts of a new one, however, the courts are really unable to do anything except follow it. The law has to wait for a litigant who is rich (or poor) enough to take the issue to the House of Lords before it can be changed. The hope of his coming along is a haphazard means of reforming the law, but such is the system.

A small area which is in the straitjacket of a Court of Appeal case of the 1950s is the assessment of damages for the negligence of a building surveyor. *Vis-à-vis* the seller, a buyer of land and buildings generally takes them as seen—*caveat emptor*. In the event of unseen defects, his only course is against the negligence of any professional adviser he has employed to protect him against that event.

The buyer's loss arising from defective property can be defined in one of two ways—either the cost of putting it right (repair cost) or the difference between the price paid and the value of the property in its defective condition (capital differential). The court also has to decide the time at which either of these sums is to be assessed, whether it is the time of the property purchase or the time at which judgment is being given, or some time in between.

It would seem to be reasonable to leave it to the judge in each case to decide whether the repair cost or the capital differential most adequately compensates the aggrieved buyer. If he intends to use the property on a permanent basis, the repair cost would be more appropriate, while if he hopes to sell it, the capital differential would probably be fairer.

In view of the delays and vagaries of litigation, the second question—the timing—is crucial. If inflation were at a constant 10 per cent, a fairly normal delay of five years between a property deal and the judgment against the surveyor would nearly halve the value of damages assessed as at the time of the deal.

This is further exacerbated by the fact that the date for assessing breach of contract damages is usually different from the date in cases of non-contractual wrongs such as negligence; the first is assessed as at the time of the breach of contract, while the second is assessed as at the date of judgment. A surveyor's negligence may be a breach of both arms of the law, but choice of the breach of contract as the basis for a claim could have a significant effect on the buyer's damages.

The old case which bedevils the calculation of damages against a surveyor is *Philips v. Ward**. It was a straight-forward case of a surveyor's negligent inspection of a house and his favourable report which encouraged the buyer to go ahead. The buyer claimed damages based on the cost of repairs, and he wanted the cost to be assessed at the time of the trial (1956) rather than at the time of the negligent survey report (1952).

The Court of Appeal decided in the first place that the buyer would not be awarded the cost of repairs, but should instead have the capital differential. In the second place the damages should be assessed as at the time of the breach of contract.

Ironically, it was Lord Justice Denning (as he then was), who made the following pronouncement: "The general principal of English law is that damages must be assessed as at the date when the damage occurs. . . . A fall thereafter in the value of money does not in law affect the figure, for the simple reason that sterling is taken to be constant in value." This was a curious article of faith, particularly as the buyer's argument for assessment as at the date of trial was based on the increased cost of repairs in the four years.

Although this part of the reasoning has been held to be no longer good law—indeed Lord Denning has himself described sterling as a weather-vane, blown about with every gust of wind—the judgment still determines all decisions in the area of surveyor's negligence. The courts have managed to distinguish cases brought in tort only provided the buyer wishes to live in the defective property.† Then damages may be the repair costs assessed as at the date of trial.

Recently the Court of Appeal nearly had the opportunity to review the law on a case with the same facts as Philips v Ward. In the High Court‡ the judge held that repair costs could be awarded if the buyer wished to live in the house himself. Unfortunately for the law, the buyer in this case sold the house due to financial pressures before the case came up for the appeal hearing. The court could therefore consider only awarding the capital differential.

The Appeal Court ruled that the capital differential could be assessed only as at the date of the breach, ie when the report was made (1976). Acknowledging the inadequacy of this in 1981, it ruled that the accrued inflation should be compensated by awarding interest on the damages.

The commercial rate of interest is normally fixed by the court at 1 per cent above bank base rates. A defect even of this fairly generous allowance is that it has to be simple interest, while inflation is very much a compound rate of interest.

The major objection, however, is that the damages which result may bear very little relation to the actual loss because property prices do not obediently inflate at bank base rates or any other fixed rate. Indeed a buyer might even profit at the surveyor's expense at a time when property values have slumped or stayed still.

In damages for personal injuries, it is acknowledged practice to refer to the Retail Prices Index to gauge the current value of an award of damages. Index linking is just being introduced for capital gains tax. The treatment of inflation for accounting purposes is raising a lot of controversy. The RPI is by no means an accurate reflection of any one element of the cost of living. It is certainly an inaccurate reflection of property prices which move at least independently of retail prices, if not actually in an inverse ratio.

The Court of Appeal has now avoided index-linking the price of property, but it has adopted a solution which may be equally arbitrary in its results.

**(1956) 1 All E R 874; †Dodd Properties v Canterbury CC (1980) 1 All E R 928; ‡Perry v Sidney Phillips and Son (1982) 1 All E R 1005; Court of Appeal, July 16 1982, unreported.*

## RACING

BY DOMINIC WIGAN

WITH ARDROSS absent from today's Goodwood Cup field, the eighth running of the Lanson Champagne Stakes is by far the most interesting feature of this, the third day of the Goodwood July Festival.

Guy Harwood, who trains locally at Pulborough, won the race last year with Treboro. He hopes to win it again with the unbeaten Lyphard's Special, regarded by many as the best two-year-old seen out.

One opponent is the unbeaten Alchise. Both horses have won three times.

Another trainer hopeful of lifting this Champagne prize is Dick Hern, whose West Ilsley team has won the race four times out of seven. Today he relies on St Boniface, owned by the Queen, whose Church Parade won in 1980.

The four others in the field are All Systems Go, Boom Town Charlie, Castle Guard and Shearwalk.

Although Lyphard's Special is fully entitled to start a warm favourite, following successes gained in a division of Newbury's Kennet Malden Stakes, the Salisbury Champagne Stakes and at Kempton, where he toyed with his two opponents in the Wren Stakes, St Boniface strikes me as the one to beat.

A beautifully bred colt by Halo, out of that extremely smart Jimmy Reppin mare, Joking Apart, St Boniface did little wrong on the July course early this month when making his racecourse debut in the Plantation Stakes.

Even though he ran green on meeting the rising ground in the final furlong, St Boniface finished a clear-cut winner over Dunbeath and Muscatite.

GOODWOOD

2.00—Tecorno**
2.30—St Boniface**
3.05—Balancbine
3.40—Halsbury
4.15—Sann
4.45—Fandangle

DONCASTER

2.45—Typeset
3.15—John O'Groats
4.45—La Pirouette*

## TELEVISION

### Tonight's Choice

Task Force South: The Battle for the Falklands, BBC-1's eight-programme series on the Anglo-Argentine war moves on to the phase where the bullets, and the Exocets, really started to fly. The phoney war is over and both the Belgrano and the Sheffield sink. Death and injury suddenly bring home the seriousness of the conflict.

Bloodshed of the artificial kind is likely to feature strongly later in the evening when Iain Johnstone interviews Clint Eastwood in *Clint Eastwood—Director*. I have never regarded violence as a paticularly likeable form of screen entertainment and place some of the blame at least for the current splatter of gruesomely violent films on those early spaghetti westerns in which Eastwood played so much a part.

But he is clearly a man of considerable skills and, after all, he has also made Any Which Way You Can.

If you do not wish to relive the Falklands then at the same time ITV has Central's look at the workings of the National Health Service, particularly topical at this time. The Best of Health stays for 24 hours in a Health centre in Birmingham.

ARTHUR SANDLES

### BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.20 Cheggers Play Pop, starring Keith Chegwin. 9.45 Jackanory. 10.00 Paddington. 10.05-10.30 Why Don't You . . .? 10.55 Cricket—First Test: England v Pakistan from Edgbaston. 1.05 pm News After Noon. 1.25 Mr Benn. 1.40 Cricket—First Test (continued coverage). 4.18 Regional News for England (except London). 4.20 Play School. 4.45 All New Popeye Show. 5.05 Newsround. 5.10 Think Again.

5.40 News.
6.00 Regional News Magazines.
6.25 Nationwide.
6.55 Holiday Report.
7.05 Medical Express: Medical Magazine Programme.
7.35 Top of the Pops, introduced by Mike Read.
8.10 Fame.
9.00 News.
9.25 Task Force South: The Battle For The Falklands, Part 4: First Casualties.
9.55 Des O'Connor Tonight, with guests Max Bygraves, Mireille Mathieu and Jeannine Burnier.
10.45 Clint Eastwood—Director. Iain Johnstone talks to Eastwood about his recent work as actor/director.
11.15 News Headlines.
11.20 Horizon: The Secret of the Snake.

### BBC 2

6.40-7.55 am Open University.
10.30-10.55 Play School.
2.15 pm Glorious Goodwood.
4.25 Cricket—First Test: England v Pakistan from Edgbaston.
6.30 Lord Mountbatten Remembers.
6.55 Six Fifty-Five Special.
7.25 News Summary.
7.30 The Promised Land?
8.20 Bird Spot.
8.30 Our Undersea World.
9.00 Rock Hudson in "One Desire."
10.30 The Associates.
10.55 Newsnight.
11.40-12.15 am Cricket: First Test (highlights).

### LONDON

9.30 am In Sands and Eelgrass. 10.20 Animated Classics. 10.30 History of the Grand Prix. 11.00 Barney Google and Snuffy Smith. 11.05 The Adventures of Niko: 11.30 Paint Along With Nancy. 12.00 Gideon. 12.10 pm Get Up And Go. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Emmerdale Farm. 2.00 Here Today. 2.45 Women of Courage. 3.45 In Loving Memory. 4.15 Dr Snuggles. 4.20 Voyage To The Bottom Of The Sea. 5.15 Survival.

5.45 News.
6.00 Thames News with Rita Carter and Colin Baker.
6.30 Dangermouse.
6.45 Robin's Nest.
7.15 The Paul Squire Show.
7.45 "Death Car On The Freeway," starring Shelley Hack, George Hamilton, Peter Graves and Dinah Shore.
9.30 Life and Death: The Best of Health?
10.00 News.
10.30 Thriller: "Murder Is A One-Act Play." starring Robert Powell, Jennie Linden and George Maharis.
11.55 What The Papers Say.
12.10 am Close: Sit up and Listen with Fred Trueman.

† Indicates programme in black and white

All IBA Regions as London except at the following times:—

**ANGLIA**

9.30 am Sesame Street. 10.30 Spread Your Wings. 10.55 Stingray. 11.25 The Flying Kiwi. 11.50 Captain Nemo. 1.20 pm Anglia News. 4.20 The *Adventures of Black Beauty*. 4.45 Father Murphy. 6.00 About Anglia. 6.35 *Arena*. 6.50 *Crossroads*. 10.30 Treasures from the Tower. 11.00 Lou Grant. 12.00 The Living Legends of Jazz and Blues: Koko Taylor. 12.30 am People and their Poetry.

**CENTRAL**

*9.45* am Make Mine Music. 10.10 Bygones. 10.35 Zoom the Dolphin. 11.00 *Survival Special*. 12.30 pm The Young Doctors. 1.20 Central News. 4.20 Sport Billy. 4.45 Father Murphy. 6.00 Crossroads. 6.25 Central News. 10.30 Venture. 11.00 Central News. 11.05 *Skin Deep*.

**GRANADA**

9.30 am European Folk Tales. 9.40 A Place To Live. 9.55 Joe 90. 10.20 Young Ramsey. 11.00 3-2-1 Contact. 11.30 The Extraordinary People Show. 1.20 pm Granada Reports. 4.20 Vicky the Viking. 4.45 Little House on the Prairie. 5.00 This Is Your Right. 6.05 Crossroads. 6.30 Granada Reports. *10.30 Hill Street Blues*. *11.30* What The Papers Say. 11.45 Late Night From Two Special.

**HTV**

8.59 am 3-2-1 Contact. 10.20 Larry the Lamb in Toytown followed by *Magilla Gorilla*. *10.45* Wild, *Wild* World of Animals. 11.10 Patterns. 11.35 Johnny's Animal Operas. *1.20 pm* HTV News. 5.05 Joblins. 5.15 Into the Labyrinth. 6.00 HTV News. 6.50 Crossroads. 10.28 HTV News. 10.30 Nero Wolfe. 11.30 The Amazing Years of Cinema. 12.00 *What* The Papers Say.

HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Anneir. 4.15 Cartoon. 4.20 Storybook International. 4.45-5.15 Gwesty *Gwirion*. 6.00 Y *Dydd*. 6.25-6.50 Report Wales 10.30 Break-*through*. 10.50 *Impromptu*. 11.35-12.05 am Alice—A Fight For Life (the debate).

**SCOTTISH**

10.00 am In Search of . . . Killer Bees. 10.25 Crazy World of Sport. 10.50 Hands. 11.15 Young Ramsey. 1.20 pm Scottish News. 4.20 The Extraordinary People Show. 4.45 Sport Billy. 5.15 Trivial Tales. 5.20 Crossroads. 6.00 Scotland Today 6.30 Hear, Here. 6.45 Benson. 10.30 Free-*dom* Now. 11.00 *About Gaelic*. 11.30 Late Call. 11.35 Barney Miller.

**TSW**

9.30 am Sesame Street. †10.30 Feature Film: "You're Only Young Twice" starring Duncan McRae. 11.50 The Undersea Adventures of Captain Nemo. 1.20 pm TSW News Headlines. *4.20 Father Murphy*. 5.15 *Gus Honeybun's* Magic Birthdays. 6.20 Crossroads 6.00 Today South West. 6.30 Gardens For All 7.00 Cartoontime. 10.32 TSW Late News. 10.35 Mannix 11.30 The Monte Carlo Show. 12.25 am Postscript. 12.30 South West weather

**TVS**

*9.30* am 3-2-1 Contact 10.00 Paint Along with Nancy. 10.25 Cartoon *Time*. †10.30 "*Green Grow the* Rushes." starring Richard Burton, Roger Livesey and Honor Blackman. 11.50 Cartoon Time. 1.20 pm TVS News 4.20 Little House on the Prairie. 6.15 Mr Merlin. 6.00 Coast to Coast. 6.50 Crossroads. 10.30 Army Air '82 *Flying* Display from Middle Wallop. 11.30 Showcase. 11.45 Facing Death. 12.15 am Company.

**TYNE TEES**

9.20 am The Good Word. 9.25 North East News. 9.30 Patterns. 9.55 Cartoon Time. 10.00 The Flying Kiwi. 10.25 Wilderness Alive. 11.10 Sounds of . . . Vince Hill. 11.25 Beachcombers. 11.50 Larry the Lamb. 1.20 *pm North East News* and Lookaround. 4.20 Clapperboard. 4.50 Tarzan. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 10.30 North East News 10.32 Barney Miller. 11.30 Job Slot Extra. 11.32 The Other Professionals.

**YORKSHIRE**

9.30 am Sesame Street. †10.30 "Sailor Beware." starring Peggy Mount 11.55 Captain Nemo. 1.20 pm Calendar News. 4.20 Sport Billy 4.45 Father Murphy. 6.00 Calendar (Emley *Moor and Belmont editions*). 6.20 Calendar Calling. 6.50 Crossroads. 10.30 Skin Deep 11.30 Facing Death.

(S) Stereo broadcast (when on VHF).

## RADIO

*(S) Stereo broadcast (when broadcast on VHF)*

**RADIO 1**

*5.00 am* As Radio 2. 7.00 *Mike Read* 8.00 Andy Peebles. 11.00 Simon Bates. 12.30 pm Newsbeat. 12.45 Dave Lee Travis. 2.00 Steve Wright. 6.30 Peter Powell. 7.00 Peel's Pleasures. 8.00 David Jensen. 10.00-12.00 John Peel (S).

**RADIO 2**

5.00 am Jimmy Mack (S). 7.30 Ray Moore (S). 10.00 Jimmy Young (S). 12.00 Gloria *Hunniford* (S). 2.00 pm Ed Stewart (S). 4.00 David Hamilton (S). 5.45 *News, Sport*. 6.00 John Dunn (S) 8.00 Country Club with Wally Whyton (S). 9.00 Alan Dell with Big Band Sound (S). 9.55 Sports Desk. 10.00 Here's A How Dee Doo. 10.30 Star Sound Extra. 11.00 Brian Matthew presents Round Midnight (stereo from midnight). 1.00 am Encore (S). 2.00-5.00 You and the Night and the Music (S).

**RADIO 3**

6.55 am Weather. 7.00 News. 7.05 *Morning* Concert (S). 8.00 *News*. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composers: Clementi and His Circle (S) 10.00 Strauss: Don Quixote (S). 10.45 Haydn Chamber music concert (S). 11.35 BBC Welsh Symphony Orchestra (S) 1.00 pm *News*. 1.05 Annie Fischer (S). 1.30 Youth Orchestras of the World (S). 2.15 "*Otello*," *Opera in three* acts by Rossini (sung in Italian) (S). 4.55 News. 5.00 Mainly for Pleasure (S). 6.30 Bandstand (S). 7.00 Let the Peoples Sing (S). 7.30 Proms 82 Part 1: Debussy, Wagner orch. Motti (S). 8.15 What Books I Please: Reflections on *literature*, with Richard Hoggart. 8.35 Proms 82 Part 2: Elgar (S). 9.35 Florent and the Tuxedo Millions Fairy tale *for* adults by Peter Redgrove (S). 10.45 Strauss choral recital (S). 11.15-11.18 News.

*MEDIUM WAVE as vhf above except*: 10.45 am-6.30 pm Cricket. First Test, England v Pakistan including 1.05 News. 1.10 Behind the Scenes, and 1.30 Scoreboard.

**RADIO 4**

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.33 Yesterday in Parliament. 8.57 Weather; travel. 9.00 News. 9.05 Checkpoint. 9.30 The Living World. 10.00 News. 10.02 European Journey. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.03 Ulcers (S). 11.48 Enquire Within. 12.00 News. 12.02 pm You and Yours. 12.27 Brain of Britain 1982 (S). 12.55 Weather; travel; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. 4.00 News. 4.02 Domestic Arrangements (S). 4.10 A Good Read. 4.40 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News, including Financial Report. 6.30 Any Answers? 6.54 It's a Bargain. 7.00 News. 7.05 The Archers. *7.20 Concert Prelude: Preview of to-night's concert* (S). 7.30 Proms 82: Debussy, Wagner (S) (*also on Radio* 3). 8.15 Take the Money and Run. 8.35 Proms 82, part 2: Elgar (S) (*also on* Radio 3). 9.35 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today *in Parliament*.

# MANAGEMENT: Marketing

EDITED BY CHRISTOPHER LORENZ

A food industry consortium hopes for better results than those experienced in other sectors. Christian Tyler reports

## A combined assault on the Russian market

IT COSTS at least £70,000 a year to send an export salesman into virgin territory and it may take him four or five years of cultivation to reap his first big order. It might cost twice as much to set him up with an office and secretary in the target country.

What is more, the time when companies think hardest about opening up unfamiliar markets for their goods — when trade is slack in their home or neighbouring markets — is also the time when they feel least able to afford the cost and the risk of branching out.

For that reason, if no other, it would seem to make sense for companies with common interests and non-competing products to share the cost and the spadework. Easier said than done.

Joint marketing is not a new idea, but it is one that has proved extraordinarily difficult to put into practice.

Among experiments of recent times have been the Overseas Marketing Corporation, backed by £1m of public money; a consortium of about 100 building companies put together by the British National Export Council: the group export scheme launched by the British Overseas Trade Board; and the more recent "pick-a-back" scheme sponsored by the Department of Trade that tried to persuade large companies to help smaller ones.

The National Economic Development Office, through its various industry committees, has also supported the idea. A number of attempts under the Nedo aegis has likewise failed, including a consortium of pump and valve manufacturers and another of printing companies.

But there are two survivors: one is a successful liaison office in India working on behalf of a group of big process plant companies. Another, less publicity-shy, is an outfit called Momex looking for materials handling projects in Venezuela.

Momex has 12 partners, most of them makers of continuous handling equipment like conveyors. But it also includes Taylor Woodrow, the civil engineering company, and Arbuthnot Latham, the merchant bank. It is administered in the UK through the Mechanical Handling Engineers Association and keeps a full-time marketing man in Caracas for under £100,000 a year.

After three years Momex thinks it may be about to secure its first contract, to equip a bauxite mine and ore-handling project worth possibly over £10m to the group.

It has taken the Momex partners somewhat longer than they expected to get close to an order, partly because of a severe recession in Venezuela which has made Government work less easy to come by.

A rather different animal is Fedec Food Industry, a company set up three years ago to sell food processing machinery to the Soviet Union. The USSR is a huge, but of course untypical market in the sense that purchasing is done centrally according to a set of national financial priorities that carry as much importance as the purely physical requirements of individual factories.

Fedec is a much smaller, and therefore more manageable, group than most of its predecessors. It brings together divisions of three major companies and a small specialist machine manufacturer. The "lead" company is the biscuit and confectionery division of Baker Perkins, which would claim to be a world leader in its area. The second is Bush Boake Allen, the food flavouring maker which is part of Albright and Wilson and is now being sold by Albright's conglomerate parent Tenneco of the U.S. to Union Camp, a U.S. pulp, paper and chemicals concern.

Third is Mateline Automation, the tiddler of the group, 90 per cent owned by Colin Griffiths with a turnover of under £750,000 a year. It specialises in machinery for turning out pies, tarts and pasties and for extruding (the only word for it) continuous lengths of sausage roll.

The fourth partner, which signed up a fortnight ago, is the UK subsidiary of American Can which wants to export U.S.-made machinery to Russia as part of its brief to sell to the European, African, Middle East and Soviet markets.

American Can (UK) filled the vacancy left by another machinery manufacturer, Mono Oakes, which dropped out when the Oakes division was sold to a company in competition with the Fedec partners.

The loss of one partner could have proved fatal to the group. The fact that it did not is due in part to Fedec's most important structural feature, represented by the fifth partner in the enterprise.

The fifth partner is Christopher Claxton—or more properly Europa Industrial Projects, the company he founded for the purpose of setting up a whole series of joint marketing ventures. Claxton started out five years ago with almost missionary zeal to develop what he calls "federated marketing." From a background in DuPont, BP, John Brown and a spell with a merchant bank, Claxton went solo. He struggled for what he says were "three terrible years" during which he came close to nervous and financial collapse.

After a number of false starts in various industries Claxton succeeded in finding partners for Baker Perkins: who were interested in the same market; would be selling to the same few customers through the same Soviet agencies and Ministries; and whose products did not overlap. He also found individuals in those companies who were prepared to live together without squabbling, and he was able to construct a financial agreement that satisfied everybody.

If this co-ordinating role is the key to Claxton's enterprise — and outsiders agree that it is—then the choice of salesman was the most important practical step. Fedec recruited Barry Webb, who had 16 years' experience of doing business in the Soviet Union and speaks Russian.

Webb has the use of a Lloyds Bank office in the Sovincentr in Moscow, but is based in the UK. He travels to Russia about five times a year for two or three weeks at a stretch and through his contacts is able to get close to Fedec's potential customers—he has talked to them in the Ukraine, Soviet Armenia, Georgia and Azerbaijan — as well as to the officials who make the decisions in the Ministry of Food and the Ministry of Foreign Trade's machinery-purchasing agency, Technopromimport.

Fedec has yet to win an order, although it has "two good inquiries" which could mean business for Baker Perkins and Bush Boake Allen. All the partners say they are ready to wait for another couple of years for things to happen. One reason is that, according to those who know the market, the Russians are loyal customers. Once you have established your *bona fides* you can expect large, and probably repeated, orders. Indeed, it was Soviet officials who hinted that they would be more interested in a group that could sell a package of plant than in isolated inquiries.

Baker Perkins, for example, has been selling to the USSR for 30 or 40 years, but only in a spasmodic way. "They were looking for better service," says Paul Parkinson, the divisional director who sits on the Fedec Board.

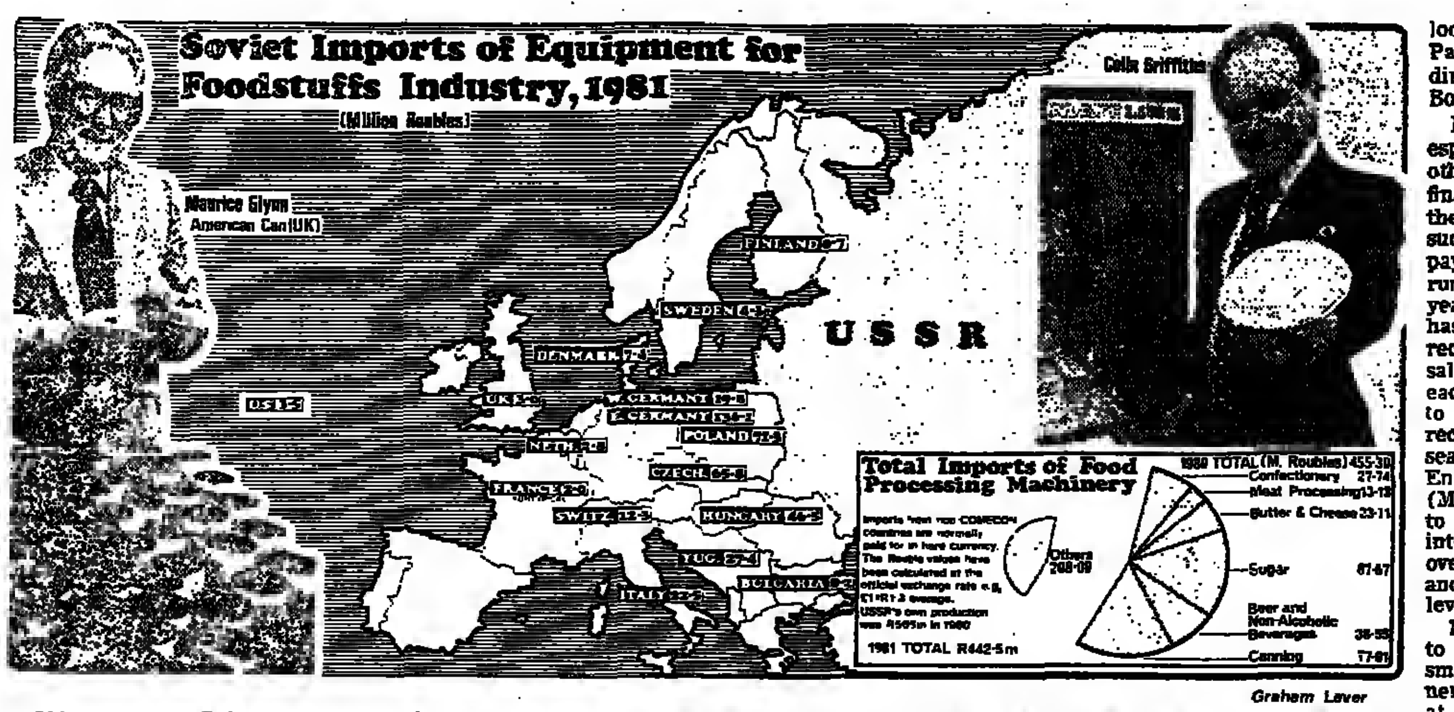
But if one company does especially well, how will the others feel? In Fedec's case the financial agreement between them is designed to prevent such jealousies. The partners pay equal shares of the annual running cost of about £70,000 a year, except for Mateline which has a special arrangement in recognition of its size. On every sale Fedec takes a levy to cover each partner's running costs and to pay back the start-up loan it received from the British Overseas Trade Board's Market Entry Guarantee Scheme. (MEGS will lend companies up to £150,000, repayable, with interest of about 2½ per cent over base rate plus a loss insurance premium, by means of a levy on sales).

It is the co-ordinator's job to make sure that things go smoothly. According to the partners, there has been no dissent at the thrice-yearly board meetings. Nor is there any need to cast votes. The four manufacturers appear to recognise that orders could be uneven: American Can (UK), for instance is in the market for the occasional big order—a canning line for beer or soft drinks could be worth up to £30m—while Mateline is hoping to pick up more regular business for its convenience food machinery, selling for £20,000 to £80,000 a time.

Buoyed up by Fedec's presales success, Claxton is now trying to put together a string of marketing combines; projects in Sweden and West Africa are the nearest to completion.

Those who know the Claxton model well are still cautious about how widely it could be applied. "It meets a particular need, but is not a blanket solution," said one. "You only have to see how laborious it can be to find firms with complementary products and without existing interests in the target market. The favourable circumstances are quite rare."

Claxton began with an idea which he thought would give Britain an answer to the huge Japanese trading houses. He has proved at least that persistence pays. But only time will tell whether he has succeeded in doing what British Governments and the National Economic Development Office have for the most part been unable to do: get unmarried companies to cohabit abroad.




Graham Lever

Objectives of the Fedec consortium members range from the occasional large order from the USSR sought by Maurice Glynn (left), managing director of American Can (UK), to regular small orders hoped for by Colin Griffiths, managing director of Mateline

ADVERTISING

## Banks invest in razzamatazz

ONCE UPON a time (a decade or so ago) the clearing banks were scornful of the razzamatazz of the advertising world. Not for them the jingles of the television commercial or the aggressive promotional campaigns dreamed up by bright young marketing men.

No, the banks relied on their traditional virtues of sound, stolid and prudent handling of people's finances ("fuddy-duddy" in contemporary advertising jargon) — and appeared untroubled by the fact that the bulk of the population remained generally suspicious of the banking system.

Yet increasingly over the past decade the banks have been forced to change their attitudes towards advertising. Together with other financial institutions, they have become big spenders of the advertising world, last year outlaying more funds than such sectors as cars and toiletries.

### Challenge

Indeed between 1980 and 1981, total expenditure on advertising by the financial sector increased by 50 per cent —from £104m to £156m.

Given this upsurge in adworld activity by the banks, the Advertising Association has proved timely in publishing a research monograph analysing some of the reasons behind this rapid growth and highlighting the challenges this has posed to the advertising trade.

The study points out that not only has there been such an upsurge but that a large part of this has been channelled through television, "constantly challenging the creative ideas of the advertising agencies."

It adds that "this development in the use of television is notable, for only a few years ago the financial advertising experts were arguing with great cogency and firm conviction that television was a particularly unsuitable medium for the promotion of financial services."

Such advertising as did exist, the study continues, "was notable for its blandness and lack of creativity."

It adds: "At that time, each of the banks saw advertising as a low priority with a very low nominal budget for the limited and sole aim of keeping the name of the bank in the limelight, or at least out of the shade. The banks in effect, lived in a comfortable oligopolistic financial structure and behaved accordingly."

What changed all this was that the banks' comfortable cartel crumbled in the early 1970s, partly as a result of Government pressure and partly because of various bank mergers. At the same time, there has been a growth in financial services offered by other institutions, particularly the building societies.

In the early 1970s, such pressures helped the banks recognise "the abstract, intangible and low brand identity characteristics of their financial services." They consequently learned how to "exploit the consumer benefits of security, convenience, and advice in the provision of services." The result of this has been to promote "a rapid conversion and implementation of a marketing philosophy in which one component, financial advertising expenditure, has been singularly impressive."

The study concludes that advertising has had a major role to play in the recent developments of the banks' marketing strategies: it has alerted the "banked" and "unbanked" to the services that a bank can provide, has created brand identification, and provided the banks with "an important counter-attack to the advances in the 1970s made by the building societies."

### Confront

Not surprisingly, the study sees such competition between the banks and building societies intensifying further — with the banks' move into home loans being countered by building societies offering basic banking services.

"Advertising, especially that using television, will be used more vigorously not only to further brand images and services as up to now, but more specifically to confront competition;" the study concludes.

* *"Bank competition and advertising," by David Stafford, published by the Advertising Association, 15 Wilton Road, London, SW1. Price £12.50.*

**David Churchill**

# TECHNOLOGY

EDITED BY ALAN CANE

### Transport Electronics control system

UNITED Automobile Services, the biggest bus company in the north of England, has set up UAS Electronics to exploit micro-chip technology.

Mr Robin Plummer, formerly an electrician at the Scarborough depot of UAS, where he is now electronics engineer, designed an electronic control system to regulate alternator output in buses and coaches. A saving of £200 a unit is claimed for each one fitted. Other benefits include reduced electrical failure, easier servicing, an adjustable charging rate and longer bulb and battery life.

A number of units have been supplied to companies within the National Bus Company, and it is hoped shortly to supply them to Capetown Tramways.

The idea was commended and reached second place in the chairman's award for technological achievement, initiated by Lord Shepherd, who heads the National Bus Company.

Zonecoat method to prevent the corrosion effects of seawater

## Aberdeen company beats the offshore 'splash zone' problem

BY GEOFFREY CHARLISH

DEVELOPED BY Webco Industrial Rubber Company of Aberdeen is a coating system specifically aimed at the protection of those parts of offshore structures that are in the "splash zone," the few feet on each side of the nominal waterline that are particularly prone to corrosion.

This interface between sea surface and air poses special problems. Subjected to both water turbulence and the high dissolved oxygen levels near the sea surface, the corrosion rate in the splash zone is accelerated far beyond that experienced normally on other parts of the structure—including those submerged areas where sacrificial cathode systems offer a good degree of protection.

Wind and wave action near the surface make it difficult for conventional paint films to resist corrosion, so the company has developed a more permanent form of protection called Zonecote. It has already won contracts to coat 3,000 metres of pipe in diameters from 30 inches to six inches in the Danish offshore areas.

### Ingress

Webco's Zonecoat is based on polychloroprene. Specially compounded in a new £1m plant near Aberdeen, the material provides comprehensive resistance to seawater ingress. It also has high tear and abrasion resistance and a wide operating temperature range of −20 to +100 deg C, which makes it specially suitable for areas such as marine risers where there are wide surface temperature fluctuations.

The coatings are available in a variety of alternative polymers to suit the requirement, whether for pure corrosion protection, thermal insulation, abrasion or impact resistance, or a combination of them all. The material is bonded to the metal using a two-coat agent which gives a bond strength greater than that of the polymer itself.

As the polymers are elastomeric, all the coatings are flexible and can therefore be used in the increasing number of cases where pipes are laid by the reel barge method. The coatings are applied to normal pipe lengths in the factory, to welded areas in the platform construction yard, or in-situ offshore if necessary.

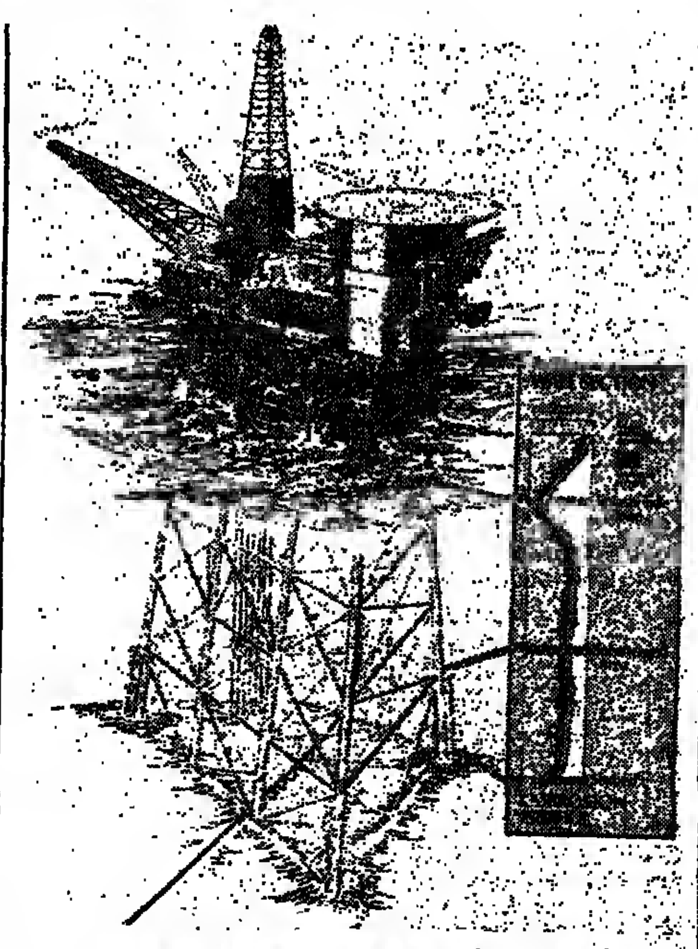
In plant, the coating is applied by automatic equipment which produces a profiled strip of hot plasticised compound which is spirally wrapped on to the pipe. Simultaneously, the strip is pressure rolled and a nylon binding tape applied.

The coated sections are then vulcanised in large steam autoclaves. This causes the steel pipe to expand and the nylon binding to shrink, thus applying large forces to the coating. The result is claimed to be a totally homogenous coating of even wall thickness which is permanently bonded to the steel.

A special process has been developed for application to joints in the field. In addition, post-installation coating of splash zone sections can be carried out in-situ using coffer dams to provide a water-free working environment.

### Integrity

Webco has developed a number of quality control techniques to ensure the integrity of the coating, including electronic holiday detection (the detection of absent or thin areas of coating), bond tests and ultrasonic



A typical application for the Webco coating system.



### Communications First for approval

THE BRITISH company Storacall claims that it is the first to receive Department of Industry approval to connect a privataly supplied telephone to the British Telecom network

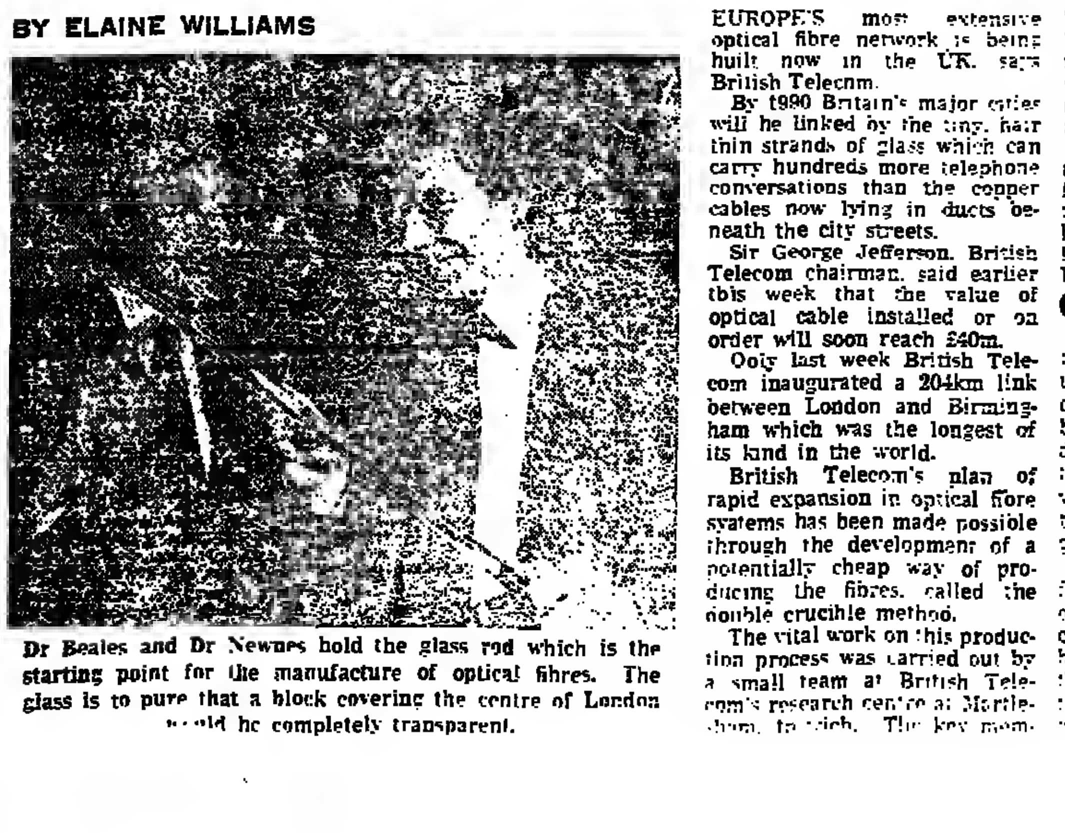
The machine is the Ansamaster 3, a unit with a built-in telephone answering machine The computerised machine also has a self-diagnostic program that continnally monitors each function and will tell the user via an alphanumeric display if the wrong buttons have been pressed

It is alan possible to phone the machine from a remote location and ask it to replay all the messages that have been recorded on the tape. More on 01-891 3321.

Optical fibre network installed or on order is nearing £40m

## Linking UK cities by thin strands of glass

BY ELAINE WILLIAMS



Dr Beales and Dr Newnes hold the glass rod which is the starting point for the manufacture of optical fibres. The glass is to pure that a block covering the centre of London would be completely transparent.

EUROPE'S most extensive optical fibre network is being built now in the UK, says British Telecom.

By 1990 Britain's major cities will be linked by the tiny, hair thin strands of glass which can carry hundreds more telephone conversations than the copper cables now lying in ducts beneath the city streets.

Sir George Jefferson, British Telecom chairman, said earlier this week that the value of optical cable installed or on order will soon reach £40m.

Only last week British Telecom inaugurated a 204km link between London and Birmingham which was the longest of its kind in the world.

British Telecom's plan of rapid expansion in optical fibre systems has been made possible through the development of a potentially cheap way of producing the fibres, called the double crucible method.

The vital work on this production process was carried out by a small team at British Telecom's research centre at Martlesham, to which. The key members were Dr George Newns and Dr Keith Beales who were recently awarded the Martlesham medal by BT for their major contribution to telecommunications.

Dr Newns and Dr Beales took the double crucible method from a crude laboratory concept to a production process which has now been taken up, under licence, by companies in the UK, U.S. and in Europe.

### Crucibles

Two types of glass are used in this process. One glass makes up the core of the fibre which carries the light ray generated by lasers or light emitting diodes. The other glass forms the outer cladding which prevents the light signals straying through the side walls of the glass.

The core and outer glass are fed into concentric crucibles—one inside the other. Each crucible has a tiny nozzle in the base. The fibre is then passed through the bottom nozzle of the outer crucible in such a way that the different molten glasses do not intermix.

The double crucible process is intended mainly for multimode glass fibres used for short distance telecommunications links such as inter-office communications, local networks, links between the digital System X exchanges or in instrument control.

For the longer links between cities, British Telecom has to use monomode fibres which has a core so narrow that it can carry only a single ray of light, unlike hundreds of rays carried by the multimode fibre.

A single ray can carry the signal further without degrading the message. For example, British Telecom claimed it has transmitted 2,000 telephone calls simultaneously over 100km of optical fibre without the need to boost the signal at intermediate points on the way.

Monomode fibres have to be made using a different process using chemical vapour deposition which is more expensive than the double crucible method.

Research programme on diesel and gas

## Renault completes first part of power scheme for heavy vehicles

THE FIRST phase of a research programme to run heavy commercial vehicles on a mixture of diesel fuel and a gas generated by the destructive distillation of wood and other vegetable matter bas been completed by Renault Vehicules Industriels in France.

The programme, which was started just over a year ago, bas been carried on in co-operation with the oil companies Total and Elf, and a large French truck operator, the Société Nouvelle des Transports rapides Calberson.

Already, heavy trucks are running successfully on between a quarter and a third of their normal diesel fuel consumption.

RVI says that its success has been in overcoming the disadvantages of previous methods of running vehicles on gas or a mixture of gas and mineral-derived fuel.

In the past, such methods have been applied to spark ignition engines, but Renault bas applied its research to turbocharged diesel engines.

The plant for producing the gas is carried on the vehicle, and RVI claims that the gas has a high calorific value, the energy produced from between 3 kg and 3.5 kg of green wood prunings being equivalent to that given by one litre of diesel fuel.

Because the gas will will not ignite spontaneously, the engine is started and run for the first five minutes on straight diesel fuel while the turbocharger, or a separate blower, is used to create a forced draught in the gas generator.

Once the generator starts producing gas, the fuel supply is changed to a mixture of gas and diesel fuel, the mixing being controlled by automatic electronic sensors.

It is understood that the generator will run on a wide variety of vegetable substances, such as straw, maize and chaff from threshing without any pretreatment other than chopping to get the fuel physically into the unit's hopper. During the development programme, the fuel source has been green wood prunings from forestry work.

The diesel engine needs no significant changes, and the generating plant is fitted as a bolt-on unit. The generator, together with sufficient fuel to run a 38-tonne vehicle for 300 miles weighs about 1.5 tonnes. RVI claims that the power loss when running on a diesel fuel/gas mixture is "minimal."

### Welding wire leaflet

TINSLEY WIRE of Sheffield has available a new leaflet on TWILC02 welding wire. Copies from the company on 0742

# THE ARTS

## La Sylphide/Covent Garden

**Clement Crisp**

One hundred and fifty years and one day after Marie Taglioni was revealed to London as the sylphide at an earlier Covent Garden theatre, the Ballet of the Paris Opéra opened its London season with a production of *La Sylphide* claiming parentage with the Taglioni original. With the tricouleur flying bravely over the front of the theatre on Tuesday it was a pleasure to welcome this great troupe back to Covent Garden after a too long absence of 28 years.

The *Sylphide* is the work of Pierre Lacotte. Through painstaking research into archive material relating to the staging in which Filippo Taglioni shaped the image of his daughter Marie's dancing to its most exact and poetic, M Lacotte brings us a production which seeks to make Taglioni live again. The score is the Schneitzhoeffer original, and gently dull; the design is a scrupulous re-creation by Marie-Claire Musson and Michel Fresnay of the Lami designs for the first Paris performance.

The action will be familiar to anyone who knows the Bournonville recension — made four years after Taglioni's — which was both a homage to the dance-style of Marie *pleine de grace* and a conscious attempt to strengthen the drama within the more domestic context of the Danish ballet.

Bournonville said without false modesty that his *Sylphide* was "completely different from Taglioni's; it even wins the prize as far as dramatic merit and precision of execution are concerned." And, true enough, in drama, in poetry, this Lacotte/Taglioni presentation is inferior to Bournonville.

Across the years the Danish staging, continuously performed, concentrated in the crucible of theatrical experience, has acquired an economy and directness of expression reflected in a dance language similarly refined and strengthened. M. Lacotte's version is skilful, elegant, a museum reconstruction as opposed to the living fact of Bournonville: expansive, operatic in manner. It is nowhere urgent. Roles which in Denmark have acquired a dramatic resonance because part of a living interpretative tradition, exist without roots or justification for the Paris dancers, and they lose emotional effectiveness thereby.

Yet what justifies this version is the superlative dancing of its cast, with Ghislaine Thesmar as the sylph, Michael Denard as James, Françoise Legrée as Effie, and the exemplary forces of the Opéra in supporting roles. Watching the Opéra dancers we see artists whose stylistic refinement is based on the sure foundations of admirably strong training. There is a brightness, an assurance, which brings a gloss and brilliant elegance to the work of the entire troupe.

And in Mlle Thesmar the imago of Marie Taglioni's dancing seems reborn. Every pretty pose from the Chalon lithographs, which celebrated her beauty of presence is there, as too the fluttering prodigies of beaten steps and the dulcet charm that so enslaved the Romantic age. It is an enchanting portrait, and if it seems more Taglioni that the sylph, we are still grateful for dancing of such exquisite delicacy.

M Denard's James is boyish, bounding, superb in prowess, while Mlle Legrée is touching in playing her role and blithely virtuosic in dancing it, steps flying from her pretty feet.

The ensembles of crofters and sylphides are wholly admirable; I hope to report more on them after a later performance this week, and on the other remarkable artists whom we are to see in this very important season.

Ray Jewers, Gemma Jones and Patrick Stewart

## The Winter's Tale/Barbican Theatre

**B. A. Young**

Stratford's *Winter Tale* has come south to the Barbican on its bare, square wooden stage, belying its name of romance with its austere look. A touch of colour flits into the house when, after the initial exchanges between Camillo and Archidamus, the noisy farewell party for Polixenes erupts on to the stage, suggesting a circus as much as a court. Then colour is confined to the costumes, set by Chris Dyer in some vague date between 1500 and 1900 but veering mostly towards the later time; and even here it is pretty restrained.

The acting, on the other hand, is vivid enough. Gemma Jones's Hermione is clearly 8½ months gone, and Patrick Stewart as her husband playful enough when he is playing with little Mamilius, Jeremy Dimmick, who is so indiscreet that he makes a gesture indicating "I am your calf" which to Leontes indicates another horned beast. Mamilius is as fond of Polixenes as Hermione seems to be; certainly Ray Jewers is a handsome figure and perhaps the boy was intrigued by his slight, and to me attractive, Canadian accent.

Until the marooning of the infant Perdita on the sea-coast of Bohemia, the play seemed to me rather grey. Hermione's trial is a restrained affair, Leontes solus presenting the prosecution, Hermione solus the defence, the two messengers from Delphos, in grey military tunics, bringing the oracle's message in a plain wooden chest. But then we are soon off to Bohemia with Robert Eddison's wonderfully dignified Antigonus, and though we only have a brief glimpse of the enormous man-eating bear in a flash of lightning, the production has passed its dutiful plotting and is ready to blossom.

The mahogany floor of Leontes's court is replaced by a rough grass surface, where Polixenes, carrying a *shotgun*, comes to discuss with Camillo (Bernard Lloyd) his worries about his son Florizel, who is at that stage of life so much deplored by the old shepherd, between ten years old and twenty-three. At the sheep-shearing, they come disguised in black monks' robes and masks. The sheep-shearing feast is fairly modest, though there is some jolly dancing, and of course there is Autolycus, whose songs are attractively sung by Geoffrey Hutchings, and attractively composed by Stephen Oliver. Upstage two posts drop from the flies for the decorations; when Polixenes has unmasked and pronounced his grim sentences, the decorations are taken down and the posts make a symbolic gibbet.

Julia Hills is a pretty Perdita, and Philip Franks a pretty Florizel, but both of them, for me, a little short of magic. In the later scenes of reconciliation at Leontes's court, they tend to drop out of sight. Sheila Hancock's Paulina, however, comes to wonderful life when she is restoring Hermione to Leontes in the guise of a statue—a really first-rate performance.

Ronald Eyre is the director.

Elayne Cripps, Yvonne Nicholson and Astra Sheridan

## Liolà!/Bloomsbury Theatre

**Rosalind Carne**

Pirandello's early comedy was born of the writer's own love and knowledge of his native Sicily. First performed in 1916 in local dialect, the specific location is integral to the drama. But do we really need this peculiar medley of Italian accents for the English première? The problem is compounded by the commitment of the New Internationalist Theatre company to a multinational cast. English, German, Sicilian and Italian actors produce widely differing versions of the Latin lilt. The company's aims may be commendable, but this his one play which calls for homogeneity of accent.

Nor is this the only difficulty in Fabin Perselli's scrappy, if energetic production. Pirandello tends to crowd his stage, but in this case the mood should be joyous and light. Instead we are treated to much exaggerated scurrying from perky little peasant girls, dampened by clumsy choreography and an unexceptional score by Glyn Powell and Victoria Lyne.

Still, there are moments when the playwright's mastery of thought and language emerges through the chaos, notably during the crucial confrontations of Act 2. Old Zio Simone still needs an heir after four years of marriage. He has become a laughing stock but manages to save face by claiming the unborn child of young Tuzza, who has been seduced by Liolà, the village Don Juan. Since the duplicity is the road to survival, his own wife is persuaded to play the game, and when she too becomes pregnant by Liolà, Zio Simone is quite prepared to return to the nest.

These complications unfold with ease and rapidity against a simple set of two modest wooden facades and a ground strewn with baskets. We get a sense of a working community, with the women doing most of the work, and two convincing performances, from Yvonne Nicholson as Mita, the wife, and Lucy Woolley as Liolà's mother. Jack De Filipo shares his the hero's nationality, but only a fraction of his dynamism, particularly in the group scenes.

It's good to see the forerunner of so much later theatrical wizardry, but I would have welcomed a more forceful and integrated treatment.

## GLC decision on National Theatre grant

The Greater London Council arts and recreation committee has agreed to pay the remaining £517,500 of this year's grant to the National Theatre on a monthly basis until the theatre reaches a final decision on contract cleaning.

The total grant to the National Theatre 1982-83 is £690,000, normally payable quarterly. The committee decision comes in the wake of the theatre's plans to replace their own cleaning staff with private contractors.

## Mahler's Tenth/Albert Hall

**Andrew Clements**

"The final resolution of Mahler's life-long spiritual quest is not to be found in the Ninth Symphony, but in the quite different Tenth." Thus the late Deryck Cooke, writing in 1961 after Alma Mahler had banned further performances of Cooke's first realisation of the sketch of the Tenth. What followed, Alma Mahler's rescinding of the ban and the final publication of a performing version of the score in 1976, is one of most illustrious chapters in the recent history of British musicology: Mahler's last work rendered, if not exactly as Mahler intended, at least in a form which allows "Mahler's tremendous (if unperfected) conception to speak out clearly" (Cooke again).

Yet acceptance of Cooke's achievement so far has been less evident from conductors than from his musicological colleagues. Few Mahlerians of international stature have added the work to their versions of the canon (James Levine a notable exception) and Simon Rattle's account which he brought to the Proms on Tuesday with the Philharmonia Orchestra, is as valuable for its very existence as for its profound understanding and conviction. Rattle evidently intends to work through the Mahler symphonies backwards; his conducting of *Das Lied von der Erde* in the Festival Hall four years ago remains memorable, and earlier performances of the Tenth on record (with the Bournemouth orchestra) and in the Festival Hall nailed his colours firmly to the mast.

For straightforward, technical reasons, this performance was not quite on the exalted level of its predecessors. The Philharmonia seemed some way short of the form it was showing barely three weeks ago in the Festival Hall under Muti; slips of intonation and ensemble flecked all but the second and third movements. An over-eager brass player took the edge of the massive nine-note dissonance that forms the climax of the opening Adagio; the tam-tam at the beginning of the finale lost its place for a while, and later in the same movement a cruelly-exposed passage for two horns lurched around in pitch.

Yet the essential greatness of this symphony survived, along with the sterling quality of Rattle's conducting of it. That he pares the great pillars of the outer movements in perfect proportion is inestimably more important than the occasional rigidity in his view of the scherzo and the "Purgatorio." The closing pages of the work must be among the most difficult in the whole of Mahler to bring off without any last-minute, fatal, lapse of concentration; the very bareness of the scoring, its lingering pathos, holds a pitfall in every bar. Rattle managed it superbly, and the silence of the audience for several seconds after the last note had died away was enough testimony to his success.

As if this great symphony were not enough to think about for one evening, the first half of the concert had brought a fine, totally fluent performance of Mozart's C major piano concerto K.467 from Imogen Cooper. Miss Cooper's fingers were tirelessly efficient, but they were also directed by keen intelligence and by a subtle control of colour; her use of the soft pedal brought some of the most telling moments.

## Record Review

**David Murray**

# A Rake rediscovered

Stravinsky: The Rake's Progress. Rounseville, Schwarzkopf, Kraus, Tourel, Arié, Cuenod, Tangeman, Stravinsky/La Scala orchestra and chorus. Fonitcetra Documents DOC 29 (3 monaural records).

Stravinsky: Chamber works, 1918-1962. Boulez/Ensemble Intercontemporain. DG 2531 378.

Stravinskyans have long assumed—well, most Stravinskyans: someone must have known better—that the first performances of *The Rake's Progress* are irrevocably lost to gramophone audience. The première took place at La Fenice on September 11 1951, under the auspices of the 14th International Festival of Contemporary Music of the Venice Biennale. The composer led a hand-picked cast of great distinction. Anne Truelove was sung by Elisabeth Schwarzkopf, who never returned to the role (I believe that her formidable husband, Walter Legge, thought no better of the opera than he did of any modern music); over the years, many of us have tried to imagine what she would have done with Anne's Act 1 scena, and with her encounters with Baba the Turk.

Quite unexpectedly, we can now know. Fonitcetra has released a complete recording in its "Documents" series—without any documentation beyond the cast-list and the claim that it is the performance of September 11. The quality suggests that this is a private recording from a broadcast (the radio-static at the start of Act 2 sounds domestic); an industrious researcher might ascertain whether the première was indeed relayed on Italian radio. In any case the cost is unmistakable, and the document is priceless. Interested readers can obtain it from—among others—Farringdon Records or the Music Discount Centre. The album includes the libretto, whimsically proof-read.

The recording is surprisingly clear; it flatters the woodwinds, but the La Scala strings—probably not numerous: La Fenice is small — are mostly keen and lithe beyond what one might have supposed. The voices are dim only when a singer is entering or turning away, though Schwarzkopf's top C in her scena (recalled with awe by Vera Stravinsky) taxes the microphones. Robert Craft's report (in *Stravinsky: the chronicle of a friendship*) of "a dozen disastrous entrances" appears exaggerated: the odd couplet has its lines reversed, Shadow is premature with "Exact, my scholar!" and there are a few uncertain entries, but even the orchestral mishaps are trifling. On the other hand *Mme Stravinsky's reminiscences* about the "harpsichord arpeggios" which imitate card-shuffling are puzzling, for only a piano is used in this performance. No audible distraction from the audience intrudes, though there is applause at the end of each scene (not especially fervent, least of all after the graveyard scene).

The piano is of course a poor substitute, but one can put up with it for the sake of the rest; for the performance is not just historically treasurable, but beautiful. The robust Robert Rounseville (remember the *Tales of Hoffmann* film?) is a vital Rake, less subtly characterised than some of his successors, but striking a welcome heroic note denied to most of them. That under-recorded artist Otakar Kraus is a Nick Shadow full of rich menace — it's a special satisfaction that this most important role of his has, after all, been preserved. Truelove *père* is the grave and gentle Raffale Arié; Hugues Cuenod is the elegant Auctioneer, and there is a fine, earthy Mother Goose from Nell Tangeman.

*Jennie* Tourel's Baba is a *tour de force*, stylishly haughty but warmly human; Stravinsky plays her last, tender dialogue with Anne for full expressive breadth. And Schwarzkopf is wonderful. Whatever she or Mr Legge may have thought about the opera, her Anne was superbly, scrupulously prepared, and so attuned to Stravinsky's continual tricks of rhythmic displacement that she must surely have relished singing the part. Where an ensemble grows momentarily perilous, it is she who guides it—and her English diction is very good (where Hilde Gueden, on Stravinsky's later Met recording, was Americo-Teutonic). The scena is impeccably shaped and paced, the Bedlam lullaby lovely, her radiant amazement in the Act 2 "He loves me still!" extraordinarily moving. Devoutly humourless (as is right), she conveys elevated moral fervour and vulnerability in equal, generous parts.

In one sense, one hears more of the opera in Stravinsky's excellent 1964 recording (Alexander Young, Judith Raskin *et al* with British support); in another, certainly not. The première was naturally undertaken with a unique dedication, and it has an irreplaceable life of its own. The chorus from La Scala, by the way, sing hilarious English—not so much foreign slips as tutoring by someone who spoke the "refined" English of the immediately post-war public media.

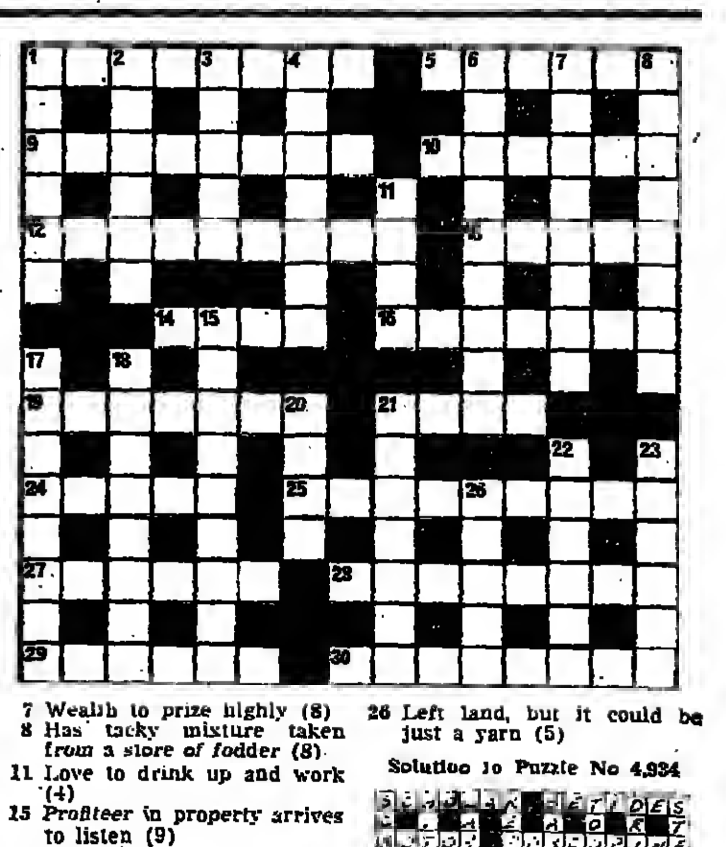
The new Boulez collection of Stravinsky chamber pieces enjoys up-to-the-minute recording and great instrumental expertise. It makes a useful match for DG's earlier chamber-Stravinsky record with Michael Tilson Thomas and his Boston players; the only overlap between them is the 1920 Concertino, played in the original string quartet version on the Boulez disc and by the Boston Symphony Players in the 1952 recension for ten winds and two strings. The Boulez team displays various degrees of sympathy: against Alain Damiens' very fast, clean and otherwise faceless account of the 3 Pieces for solo clarinet, for example, one must place Gérard Caussé's gravely beautiful exposition of the solo viola Elegy, and the exactly serene Dufy double canon for quartet.

The principal works are the *Ebony Concerto* of 1945, composed for Woody Herman, and the neo-Brandenburgian "Dumbarton Oaks" concerto of 1938—and perhaps one should count too the Eight Instrumental Miniatures that Stravinsky adopted from early piano pieces in 1962, since Boulez leads them with such verve. (The *Allegretto*, taken faster than that, reveals itself as a direct, playful pendant to the *Sacre du printemps*.) "Dumbarton Oaks" is dispatched brilliantly, though it is taut almost to the point of rigidity. Just why it makes that impression is explained by the Boulez performance of the *Ebony Concerto* (soloist Michel Arrignon), which resolutely fails to swing. It was, after all, jazz rhythms—not precisely notatable — that intrigued Stravinsky; for all their bright attack, the Ensemble Intercontemporain never quite tap the right pulse. That granted, the programme is still greatly enticing, and brought off to dazzling effect.

## THEATRES

[illegible]

## F.T. CROSSWORD PUZZLE NO. 4,935



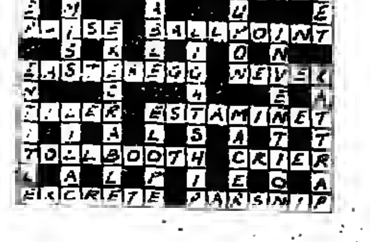
**ACROSS**

1 Pursues a group, but it's a drudge (8)
5 Suddenly grasp a bit of conversation (6)
9 Two articles of headgear commonly seen on a neck (5, 3)
10 Strutting Pole gets tearful (6)
12 A spicy person could be medicinally sweet (5-4)
13 Beginning upon television (5)
14 Slender British field marshal (4)
16 It races badly because of being fat? (7)
19 What painters use to become 14 (7)
21 The essence of cool-mine gas (4)
24 The opposite of 14 in total (5)
25 Bird I left after time to tease pleasurably (9)
27 Cause to be esteemed and conclude with sensitivity to musical sounds (6)
28 Horse box with a crank (8)
29 Ring a bell and heal down a flag (6)
30 African charm for a double victory (8)

**DOWN**

1 Extract by boiling for two months (6)
2 Develop little weight in a small band of players (4, 2)
3 Seat in church at base of mountain (5)
4 Help turning up to take on Indian village in outline (7)
6 Novel soccer team with its roots in S. W. Hampshire? (3, 6)
7 Wealth to prize highly (8)
8 Has tacky mixture taken from a store of fodder (8)
11 Love to drink up and work (4)
15 Profiteer in property arrives to listen (9)
17 A form of vertigo that astounds (8)
18 Underworld instruction to create a disturbance of the peace (8)
20 A book of remorse? (4)
21 Baseball player could possibly be 20 (7)
22 Flag depicting brother embracing Princess (6)
23 Type of drum or kitchen boiler (6)
26 Left land, but it could be just a yarn (5)

Solution to Puzzle No 4,934



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Thursday July 29 1982

# The Middle East conflict

THE appalling loss of life and physical destruction in Beirut has to be halted immediately. The United States, Israel, the Palestine Liberation Organisation and the Arab states must all accept some responsibility for the fate of the half million Lebanese and Palestinian civilians under seige in Beirut.

Israel should at once halt its attacks on the west of the capital. Mr Arafat, the chairman of the PLO, must take the plunge and state unequivocally that he accepts Israel's right to exist within its pre-1967 boundaries. The U.S. should simultaneously agree to drop its 1975 refusal to hold direct negotiations with the PLO.

The Arab states most closely involved in the conflict should be prepared to accept some of the PLO guerrillas from Beirut in return for a commitment that wider negotiations will begin shortly on the future of the Israeli-occupied West Bank and Gaza. The State Department is already considering an expanded Camp David formula.

### Risk

These imperatives all involve compromise and degrees of political and personal risk for those who are asked to act on them. It will take a courageous act of statesmanship for any of the leaders to modify their deeply held beliefs.

There have been many crises in the Middle East before and many ceasefires and cobbled-up solutions. The tendency, however, is for each crisis to get progressively worse. An end to the present conflict, if it can be achieved, needs to be followed by sustained efforts by all parties concerned to reach a lasting settlement.

# Help for the jobless . . .

THE TUC is right to insist that the Government has not yet got the measure of the unemployment crisis. Two out of three young people now emerging from the first round of youth schemes like YOP are going straight back on to the dole. More than a million people have now been out of work continuously for over a year and whereas these long-term unemployed used to be primarily older or disabled workers, what used to be called the hard core of unemployment, this is no longer true. Over three-quarters of them are under 55 and over a fifth are under 25.

The package announced this week, to provide 130,000 mostly part-time community-work places and an indeterminate but probably small number of part-time jobs through subsidised work-sharing, will make only a small dent in the problem. Yet the package does embody two useful principles.

### Training

The community programme builds on the old community enterprise programme by providing a training element: this is at the cost of cutting remuneration for participants, in line with the Government policy of trying to price more people into real jobs. To include training, is certainly a good thing, although the wording thus far is dangerously vague. Much effort will be needed to convince the local authorities and voluntary organisations, which will provide 95 per cent of the places, that the Government is seriously about training the long-term unemployed.

The job-sharing idea is also not fully thought through, but benefits from the experience already gained in several companies, most notably at GEC, whose Coventry telecommunications division provided a research laboratory for the new scheme. GEC's programme began a year ago and today 88 young people are paired to carry out 44 semi-skilled jobs—mainly in assembly and wiring. One person works from Monday to Wednesday lunchtime, the second the rest of the week. The pair shares a single wage, determined through the normal collective bargaining process, and each is encouraged to use his time off for education or training. After 18 months of sharing, the hope is to give each youngster a full-time job.

At another GEC plant, in Aycliffe, County Durham, 300 laid-off adults have been recalled on a pairing basis to fill 150 jobs.

### Subsidy

The point of Mr Tebbit's plan, which offers a subsidy (probably £500 per paired job per year) is to offset extra costs incurred by the company in pairing. These are only significant, says GEC, in the case of training costs for new employees, like school-leavers. According to GEC, pairing has worked well. Absenteeism is down to zero because pairs undertake to cover for each other during sickness and in some cases higher rate of equipment utilisation have been achieved.

The unions at GEC originally resisted, but now in Coventry appear quiescent, not least because many of the young people out of work are family members of GEC employees, who have built up a waiting list for paired places.

With the added attraction of a small subsidy, one can imagine several situations in which sharing could catch on. Instead of making 100 men redundant, for example, a company could offer 200 half-time jobs—at least in cases where the type of work involved was not so skilled or singular in character as to frustrate a smooth mid-week handover. The only restriction in attracting the subsidy is that one of the people paired must be either actually unemployed or about to suffer redundancy.

### Pensions

Among older workers, many of whom would probably welcome a phase-out from the labour force, there is the additional problem of pension rights, which would need to be protected.

In a sense the TUC is still right to call this cosmetic. But half a job is better than none and the Government is right to encourage experiments in this field. Economic, technological and social trends all point towards a more flexible and imaginative approach to the way work is organised.

# . . . while policy marks time

THE NEW measures gave the Chancellor something at least to say to the House of Commons on Tuesday while he was inevitably stonewalling on the Government's basic strategy; no change was to be expected at this stage of the policy year, when department spending plans are still the subject of tense bargaining in Whitehall.

However, even as a stonewalling effort, the Chancellor's brief speech was disappointing. He is in danger of becoming the Bellman of the Treasury, claiming, like Lewis Carroll's character, that "what I say three times is true." His repeated assertions of steady purpose are all too visibly out of contact with reality, and indeed with the Government's activities. Thus, for example, the Government is for reducing interest rates by cutting public spending, which has risen rapidly in real terms ever since the Government took office, but — so far as fiscal policy has made a contribution —by raising taxes and public sector charges.

Spending is still being raised not only by the costs of the recession and debt finance, but by a series of small, unplanned palliatives and subsidies. Above all the recovery is not slow and disappointing: industry still believes that matters are drifting from bad to worse.

### Discussion

Finally, the Chancellor dismisses all discussion of the scale of public sector investment by begging the question which is raised. It is not true that every addition to spending or cut in taxation means an equal addition to borrowing: even if there were no change in private sector activity as a result — the question that is begged — there would be offsetting savings in welfare. The Chancellor would be more impressive, not less, if he were readier to admit to disappointment and indeed to honest doubt.

JOB CREATION

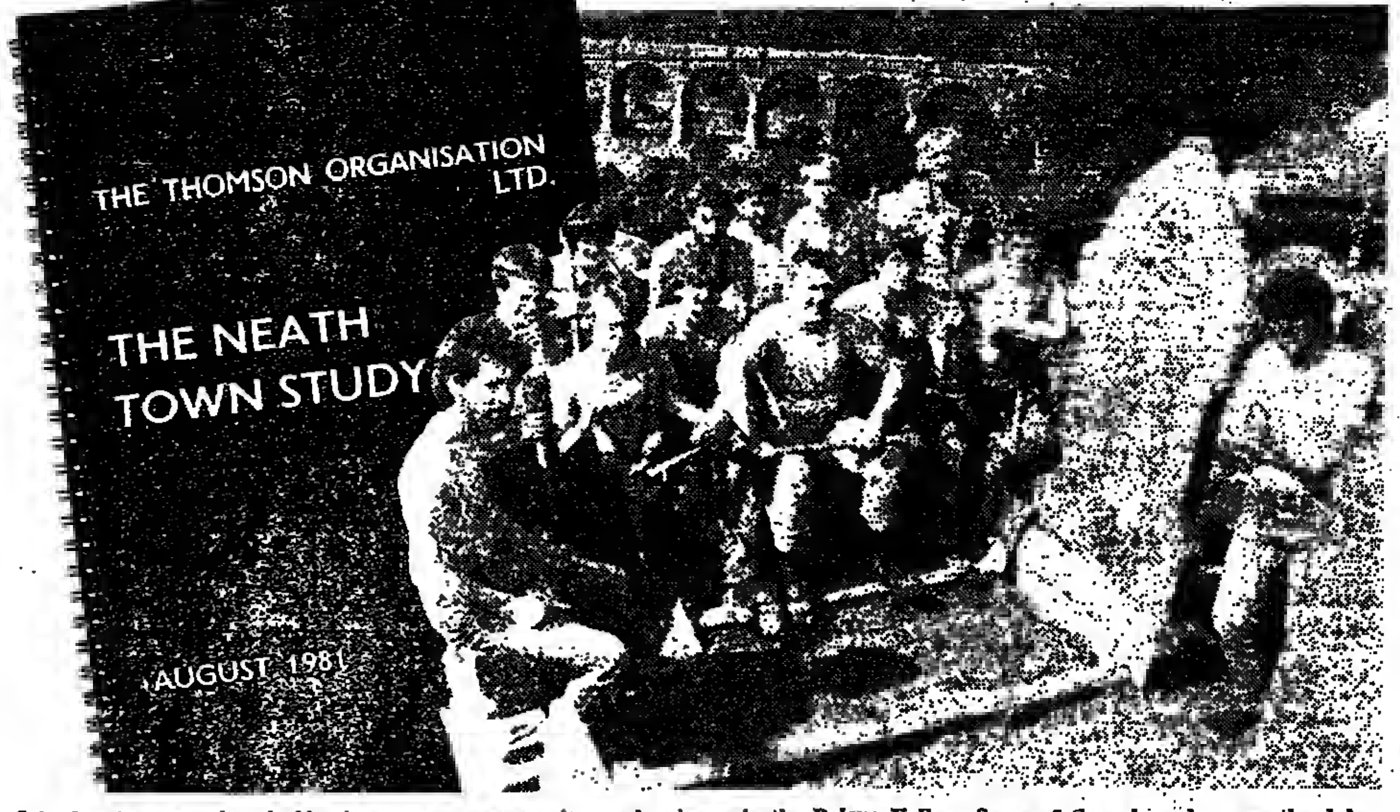
# A Welsh town fights back

By Ian Hargreaves

IN THE graveyard of the Jerusalem Methodist Chapel, deep in the Pelena Valley in the borough of Neath, South Wales, a gang of unemployed men is ripping back weeds as part of an environmental clean-up.

On the edge of town, in the new Lonlas Village Workshops, Ceri Morgan, 34, a redundant Metal Box draughtsman turned small businessman, is turning a piece of timber. Across the yard, Ken Hewitt, a young manager seconded by BP Chemicals, is drawing up the workshop marketing plan.

Idris Hale, 72, Neath's builder turned millionaire and owner of the Penscynor Wildlife Park, is watching kids hurtle down his park's new £200,000 slide. He needs more business and the tourism strategy being perfected by John Carr, who until a couple of years ago was a senior manager at The Times, should help him get it.




Jobs for the unemployed. Neath men on a community work scheme in the Pelena Valley. Some of them have been on the dole for four years

At the Metal Box can components plant, a group of unemployed people, rescued temporarily from the dole under the Government's Community Enterprise Programme, are gutting the site services building. By October, it will re-open as an Information Technology Centre (I-Tech), part of a Government-subsidised chain, training young people in microelectronics and designing its own products.

The connecting factor in this small town bustle—the borough has a population of 66,000—is the Neath Development Partnership, an organisation formed a year ago to tackle Neath's unemployment crisis.

The partnership is one of the first and most advanced exercises of the CBI Special Programmes Unit, which aims to have 50 similar schemes in being by the end of next year. So its results are being carefully watched.

Neath's story is the story of the British economy. It survived the first oil shock reasonably well and in 1978 unemployment was still under 5 per cent. Then came a tidal wave of closures and cutbacks. Tower Housewares, Duport Steel and several engineering shops disappeared entirely and the town's big employers, British Steel, Metal Box, BP Chemicals and British Aluminium all retrenched heavily.

By the time the partnership was formed last August, unemployment was over 16 per cent and heading, according to expert analysis, for 22 per cent this year.

Neath Borough Council, Labour to the core, had responded by setting up an industrial committee which, even those who created it admit, was achieving little more than talk.

Meanwhile, in London, Mr Gurdon Brunton, chief executive of the Thomson Organisation, and a board member of the CBI Special Programme Unit was looking for a town to test the unit's conviction that to attack the youth unemployment problem, more had to be done than merely to support the short-term training palliatives of the Government's Youth Opportunities Programme.

Neath was one town on a list of 30. Thomson happened to own the local newspaper and felt that the size of the town made it a manageable possibility.

Through Metal Box, another supporter of the CBI unit, contact was already established with Mr Howell Britten, a Metal Box secondee to the unit's Wales regional team, but more important for Neath a borough councillor and AUEW convenor.

So when Mr Jack Bryers, at one time personnel director of Times Newspapers and now group personnel officer for Thomson Regional Newspapers, arrived for a year's secondment to Neath, he had a welcome from the local authority, an office and a telephone.

Since then, the pace has been red hot. Mr Bryers arrived in April last year and by August a detailed 38-page study of the town's economy was ready, along with a partnership committee of employers, council people and trade unionists, chaired by Mr Bryers. They came up with three initial suggestions: to create workshops for small business along the lines adopted by BSC (Industry) in areas of steel closures, to develop tourism and to open a training workshop.

In part, it was a question of tapping various Government job creation schemes and finding in industry training places for young people. Neath now has enough training places to absorb all 650 of its annual exodus of school leavers and all the places it needs to carry out the Government's youth training scheme requirements.

About 30 older unemployed people, using money from the Government's Community Enterprise Programme are doing the spadework for the partnership's main projects: refurbishing the old Metley warehouse which has become the Lonlas workshops, setting up the I-Tech and improving the look of the place for tourists, as well as taking in other useful tasks like lengthening the pitch of the Ton Mawr Rugby Club so that the team can apply for membership of the Welsh Rugby Union. In all, almost £1m of Government money has come to Neath through these job creation and training schemes.

> 'We have a co-operative atmosphere, like a village, which is very exciting'

Neath Borough Council is also heavily involved. It has provided £40,000 in guarantees for the I-Tech—no small sum for an authority with a total rates income of £1.2m—and about £200,000 in rate relief for owners of various empty industrial buildings.

Metal Box threw in premises for the I-Tech, pays Mr Britten's wages and will supply a manager for the I-Tech.

Thomson currently has two senior managers on site in Neath, a marketing expert plus Mr Carr, who is working on the detailed strategy to take advantage of Neath's under-sold tourist attractions, like its 12th century abbey, a magnificent canals network and a treasure-house of industrial architecture. There are also now firm plans for a dry ski run near Idris Hale's alpine slide and an island theme park depicting pre-historic lifestyles.

The partnership hopes to finance these things with a mixture of public and private finance—an urban aid grant is under consideration—and with the help of a "day out in Neath" single-ticket marketing package, hopes to increase the number of tourists from 170,000 a year to perhaps 600,000.

At the end of all this, says Jack Bryers, the partnership should have created between 500 and 600 jobs, not counting trainee places and any multiplier effect from tourist spending. Eventually, with improved marketing of the town's industrial assets, he thinks 2,000 is an attainable goal and already the partnership feels it has held back the unemployment rate from a forecast 22 per cent to 17.7 per cent.

But equally important achievements of the partnership, local people say, go beyond numbers.

Mr Patrick Stains, personnel officer at the Neath Metal Box plant, speaks of the "new dialogue" between his company, other local businessmen, the council and bodies like the Engineering Industry Training Board and the Manpower Services Commission.

"We have learned that you can't live in a vacuum," he says. "Now, we can see opportunities and make things happen more quickly."

Mr George Griffiths, the borough treasurer and a spare, Dickensian bachelor with a mind of ledger-like precision and detail, agrees: "Before, we did not know each other on a personal basis." Mr Griffiths got the council's financial backing for the I-Tech through in just four days.

At Lonlas, John Carr sees more than jobs being created. "We have a co-operative atmosphere, like a village, which is very exciting."

On a more visionary level, Howell Britten sees the I-Tech developing quickly from being a training ground for 30 young people to a seed-bed for micro-electronic product development for local firms.

Only time will tell if all this is too optimistic. On one level, it is easy to be cynical. Most of the jobs actually created so far are direct products of Government make-work grants, of which Neath has certainly grabbed more than its fair share. Likewise, the sight of an important piece of Britain's manufacturing economy taking its first fragile step into micro-electronics as late as 1982 is in a sense little short of terrifying.

Yet the achievements, even at this early stage, are considerable. Thomson's ability to fit what Mr Britten calls its "Marshall plan" into the Neath culture is not to be underestimated. "Thomson provides the drive," says John Carr. "Local authorities tend to say 'good, let's do that within a fortnight.' We are inclined to say 'why not do it tomorrow?'"

The immediate challenges now are to fill up the workshops, of which a second phase is already under way, and to complete the selling of the tourism plan.

There must also, says Mr Bryers, be a switch to local leadership for the partnership next year, although Thomson has made it clear that it will help with back-up for as long as it takes. "Like good guests, we'll stay as long as we are wanted," he says.

For the CBI, helped by Thomson, the next stage is to sift out the elements which have contributed to successes so far and to try to apply them in other towns and cities.

Jack Bryers thinks that his job in Neath was made much easier by the existence of a strong, readily identifiable community and doubts whether the approach would work in a city of more than 100,000 people.

He also considers that the level of co-operation achieved locally has been crucial.

From the outside, it is also evident that the Neath team was helped by some of the antecedents for this type of programme, like the Pilkington trust in St Helen's, the initiative taken by employers in Swale, Kent, and the work of BSC (Industry).

Even more important, it is obvious that the people who have created the Neath partnership are of high calibre. Thomson has seconded mid-career managers with bright futures, not worn out men on the point of retirement. And Howell Britten, who charges up and down the Pelena Valley like a winger set loose at Cardiff Arms Park and says he knows by name every one of his 1,300 council constituents, has been an immense asset.

The biggest danger, as with any other attempt to attack the unemployment problem, is that the tide of joblessness is rising more quickly than the dyke can be built.

Out at Jerusalem Chapel, Richard O'Gorman, 19, has already done two six-month YOP schemes and is now on a scheme which, by Government rule, he must leave after one year. Ken George, 42, lost his job in the Metal Box cuts 15 months ago and applied for 111 jobs before joining the same programme. Philip Williams, 23, a good-humoured hulk of a skinhead, barnacled with tattooes, has been out of work since Duport Steel closed four years ago. What will these men do when the community work ends? "Go back to the dole," says Philip Williams.

That is what Jack Bryers means when he says you cannot understand unemployment by looking at the figures.

"When I think of 17.7 per cent unemployment in Neath, that means 4,500 people. Imagine them walking through the streets of what is a small town and how long it would take them to pass your window. That brings home the problem."

*A second article will examine the strategy of the CBI Special Programmes Unit.*

# Men & Matters

## Giblin scalped

"This is the headhunted getting the headhunter." With that challenge to life as we know it in the business jungle, Staffan Gadd, chairman of Samuel Montagu explained how he went about ambushing and securing a leading headhunter Peter Giblin to be managing director of Montagu's personnel and administrative side.

Giblin is at present in charge of Europe and the Middle East for the executive search consultants Russell Reynolds. More piquantly he is the man who head-hunted Staffan Gadd himself from the chairmanship of the Scandinavian Bank.

He was responsible also for the much-publicised recruitment of Ian Macgregor to do a three-year stint as head of the ailing British Steel Corporation.

Giblin's other scalps include the poaching of David Potter, one of the blue-eyed boys of the Eurobond market, from Credit Suisse First Boston to be a key Montagu executive.

During Giblin's time at Russell Reynolds his company has run up annual billings of more than $20m taking a fee equal to one-third of each "target's" first year salary.

But there will be no fee for Giblin's own recruitment to Montagu: "Our firm will survive without" he says.

## Sheep dip

Sallied forth to the Savoy yesterday to hear what Coalite chairman Ted Needham had to say about recent trading problems afflicting a minor subsidiary — the Falkland Islands Company. Its assets are its sheep, now depleted apparently by famished Argentine troops who machine-gunned large numbers from helicopters.

Needham was sceptical about various plans for developing the company's business. "A lot of people are getting very excited and talking about making *rissoles from Falklands sheep*, but I rather they'd be pretty tough and the last thing we need down there is half a dozen De Loreans," he opined.

## Lord's day

While Baron Gormley of Ashton-in-Makerfield was making his entrance in the House of Lords yesterday, back at the TUC general council Ray Buckton of Aslef was bitterly protesting about a suggestion that his thoughts might lie in the same direction.

A forged letter, circulated in Buckton's name among Aslef members and postmarked Marylebone, raised the cynical thought that the recent strike might have been ended to protect his job, his pension, or a place in a future honours list.

"The matter is now in the hands of our solicitors," an Aslef official said yesterday—and Buckton would say no more.

But ASTMS leader Clive Jenkins declared the forgery "a sophisticated intelligence operation." It was the work of a "dirty tricks department" he said. Perhaps the government was involved. "But I do not know which government."

A much happier scene—almost an ex-miners' gala — in Westminster where Gormley, looking quite at ease in ermine and cocked hat, was introduced to his peers.

The former NUM president was escorted through the peripatetic procedure by the octogenarian Lords Blyton and Taylor, both one-time miners and MPs. Roy Mason sat on the steps of the throne; Dearne Valley MP Eddie Wainwright shouted "hear, hear" from the gallery; and ex-TUC colleague Lord Scanlon beamed from the Labour benches.

Judging from the cheers he got, Gormley is already established among the most popular members of "the other place"—though Arthur Scargill's worst *fears will have been confirmed* by the fact that Gormley was greeted too by Lord Home and actually shook hands with Lord Hailsham.

## Bagmen

Diplomats being posted to Hanoi are warned to take everything including the proverbial kitchen sink. The Vietnamese economy is notoriously inefficient at providing even the basics for its own citizens.

It was still with considerable surprise, though that a recent emissary to arrive there found an Australian courier on the aircraft actually carrying a sink stuffed into a diplomatic bag.

The humour of it all has, alas, waned a little. No sooner had the new arrival settled into his residence than the water tank in the roof gave out. After a local product failed to prove a satisfactory replacement, the envoy is now waiting for a new one to arrive, again courtesy of the diplomatic bag.

## Belgravia's bins

Michael Forsyth, a Conservative councillor for Belgravia on Westminster City Council, is a scourge of direct labour in the public service.

He was writing about the virtues of privatisation almost before Margaret Thatcher thought about the idea. First he told local authorities how to work with contractors. Next he wrote a booklet for the Adam Smith Institute arguing that £300m could be saved immediately if private contractors were brought in for laundry, cleaning and catering services in the National Health Service.

Now he is battling against what he sees as a serious restraint upon free trade by his own council — the sale of cut-price dustbins by the Westminster local authority.

The citizens of Belgravia can, it seems, get a dustbin for only £6 — a good £2 below the commercial rate. The council picks them up from the Greater London Council dustbin warehouse for only £4.33.

Let them buy their own dustbins and save the administration costs says Forsyth who is on the list of potential Tory Parliamentary candidates. He has demanded a speedy explanation from the council for its involvement in the grubby trade.

Although only 50 dustbins were sold last year the Westminster cleansing department says in defence of the enterprise that British standards have to be preserved. The bins to British Standard specifications sold by Westminster are "well balanced and all black."

Pressed further about the relative merits of dustbin design the department warns users against inferior products sold in some shops which have light-coloured lids which crack in the sun.

"Then the dustmen get blamed for breaking them," said the cleansing official thus revealing a little-known hazard of the dustman's toil.

## Siamese twins

Reuter tells us that "Tanzanian President Kenneth Kaunda arrived in Lusaka today on a state visit to Zambia during which he will hold talks with President Kenneth Kaunda." (Something wrong here surely?—ed.)

The agency is equal to any challenge to its accuracy, however. "The two leaders have developed an almost fraternal relationship," it explains.

## Promotion

The new marketing director of agrochemical company FBC is a Mr Image.

**Observer**

ECONOMIC VIEWPOINT

# Don't fret about imports

By Samuel Brittan

WHEN I FIRST entered economic journalism, discussion about British policy was dominated by imports. Politicians, economists, leader-writers, broadcasters, even preachers scanned the monthly trade figures to see if imports were rising faster than exports. Fear that they would do so, and create a balance of payments crisis and a run on sterling, was given as the main reason why the economy could not be expanded.

There were in fact fundamental fallacies in the arguments of the "growthmen." But the import spectre was not one of them. The balance of payments balances automatically; and the so-called deficit or surplus is merely the amount spent or taken in by the Bank of England to influence the exchange rate. Insistence on the wrong reasons for not boosting demand, which any undergraduate with an interest in basics could see through, postponed for decades a truer understanding.

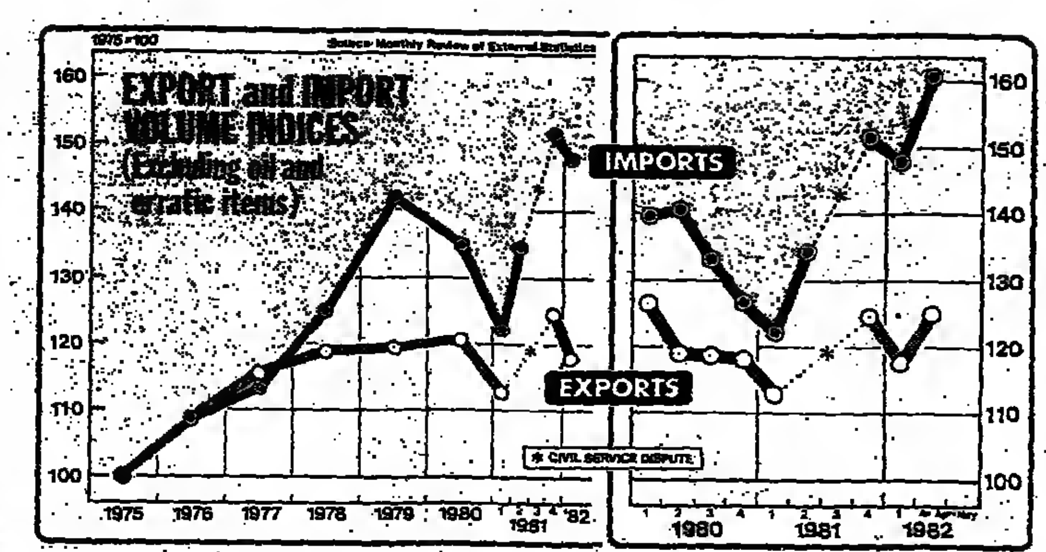
Now nine years after the pound was floated similar false arguments about imports are appearing in a new guise. The fashion now is to warn that too much increased demand may go into imports, thus ensuring in the Prime Minister's words (Question Time, July 22) "more jobs abroad" rather than "more jobs at home." She cites the president of the CBI, Sir Campbell Fraser, on the need to win in intense international competition. "It is a war and the victors will be the efficient." This encourages the view that international trade is a zero sum game in which one country can only gain at the expense of another.

The proximate limitation on the speed with which the economy can expand to absorb the unemployed is the inflation bottleneck. Behind that stands inadequate productive capacity and behind that excessive real wages per unit of effort, which have both held back investment and made what investment there has been too labour-intensive. The import danger, to the extent that it exists, is but a symptom of the inflationary danger; it is a symptom of a symptom.

Some hysteria has been generated by making comparisons over the very short period between the first quarter of 1981 and the first few months of 1982 when import volume (excluding oil and "erratic" items) has risen by nearly 25 per cent while exports have risen by 6 per cent. Such comparisons ignore the fact that the early part of last year was one of severe destocking, to a large extent at the expense of imports, which were abnormally low.

The import increases in the past year have been distributed across many sectors, with semi-manufactured goods (including chemicals) capital and intermediate goods heading the field. The alarm over cars has been overdone. For although it is the most rapidly increasing sector in terms of percentage growth, in terms of expenditure it is comparatively modest, accounting for less than a tenth of the total increase in import value.

Over a much longer period, there has been a tendency for the volume of non-oil imports to rise faster than that of exports involving much the same items as the more recent increases. Since 1975, import volume (excluding oil) has grown by 50 to 60 per cent but export volume has risen by 20 per cent. But before British readers knock their heads against very hard walls, they might notice that in 1975 the UK had a current account deficit of £1.5bn, covered by official borrowing and use of the reserves. In the first quarter of 1982 on the other hand it still had an annualised current surplus of over £3bn, and a rough balance on official financing.



Bob Hutchison

There is no miracle about the two trends. The terms of trade—ie the ratio of export to import prices—on non-oil items has improved by about 14 per cent since 1975 and the current oil balance has shifted from a deficit of £3bn to an annualised surplus of over £3bn. Maybe neither piece of good fortune will last, but it is sheer masochism to deduct either or both benefits from the trade returns and then to wallow in hypothetical misery.

I can already see the riposte from those who worry about imports. Real GDP excluding oil, they will say, is little higher than in 1975. The Cambridge Economic Policy Group argues that excessive import growth has caused governments to hold back "demand," while there are those in the Treasury who believe that import growth shows up the obstacles on the side of "supply."

But there is a much simpler explanation of the differential growth in imports since 1975 and more especially in the past three years: that is the deterioration in cost and price competitiveness—which takes effect with a lag. UK labour costs, relative to other countries, are 30 per cent higher than in 1975 and about 20 per cent higher than in 1979.

The truth is that if overall financial policy is set on a stable non-inflationary course, imports will take care of themselves. This can be explained in more detail with the aid of the table. This is based on a comparison between the first quarters of 1981 and 1982, a period when as already mentioned, imports grew exceptionally fast. But this very fact makes it particularly useful for analysing the processes at work in an import surge.

The table is expressed in terms of actual money, instead of the more usual neutered "constant price" figures. The third line shows that total final expenditure on goods and services taking the home market and exports together, rose by 12½ per cent. This is as good an interpretation as any of what is meant by "an increase in demand."

Unfortunately there were two leakages. Part of this extra demand spilled over into imports, reducing the growth of the money GDP to less than 10 per cent. Nearly all of this 10 per cent growth was itself absorbed by higher prices (itself associated with wage inflation) dragging back to zero the rise in real GDP.

These two leakages are often treated by politicians and officials as if they were of the same nature, but they are totally different. The difference is that the import leakage will take care of itself under a floating exchange rate, while the inflation leakage most certainly will not.

The divergence between the growth of final expenditure and money GDP between the first quarters of 1981 and 1982 was possible because of a rundown in the current overseas surplus, which enabled spending to rise faster than output and incomes.

Clearly the current account cannot cross the zero line and then move into ever greater deficit, unless inward investment happened to increase simultaneously, which is most unlikely. If events moved that way sterling would eventually depreciate, exports become more profitable and imports less so, thus regulating the balance of payments without intervention.

Is not there a snag in relying on the exchange rate to keep imports in line with the nation's ability to pay for them? The danger clearly lies in the reaction of wages. A 10 per cent devaluation has a direct impact on prices at home of 2 or 3 per cent, but this is a great understatement as domestic companies become less hard-pressed by import competition and are tempted to raise prices.

In my view there is a crucial difference between a depreciation brought about as a normal corrective in the foreign exchange market and one clearly engineered by the so-called "authorities" to boost profits and employment. In the first case, it is arguable that in current market conditions the wage follow-on would be modest and workers would tacitly accept a backdoor cut in real wages which would price more people into jobs. In the second case, it would look as if the Government was retreating to old-fashioned attempts to manage "real demand" and had abandoned its counterinflationary stance. In that case the whole devaluation boost to competitiveness could be eroded overnight.

The exchange rate will take care of the balance of payments, but the crucial stage in restoring employment — or the competitiveness of British labour — is a reduction in real pre-tax pay per unit of effort. It is arguable that with wage settlements in the internationally exposed sectors down to 7 per cent, real wage costs could be reduced more by exchange rate movements in the market than relying only on further pressure on money settlements. The combination of a government objective for money expenditures to prevent their growing by much less or much more than 10 per cent with a floating exchange rate, would avoid prejudging the issue and leave as much room for expansion as the flexibility of the labour market will allow.

Putting the emphasis on labour market competitiveness rather than import penetration or the Campbell Fraser-Thatcher trade "war" has the great advantage of pointing to a path by which labour can be priced back into work in all countries, and away from inappropriate beggar-my-neighbour policies. It also has the advantage of being correct. Import penetration is self-contradictory as a diagnosis of a problem from which nearly all advanced industrial countries suffer.

I would like to conclude by suggesting that 1983 should be Employment Year. Before anyone cheers, let me add that the most practical way to aid employment would be to make the 1982-83 wage round a zero increase occasion (special cases of labour shortage aside), so that the expenditure which would have gone on higher pay is devoted to increasing employment and increasing profit margins (which mean more jobs in future years). Those who recoil in horror at the idea should spare us their crocodile tears over the dole queues.

### WHERE THE SPENDING WENT

Changes between first quarters of 1981 and 1982 at market prices £bn

| | current price | % |
|---|---|---|
| Change in stockbuilding | +1.6 | na |
| Change in other expenditure | +7.6 | +10.1 |
| Total change in final expenditure | +9.2 | +12.6 |
| Deduct: | | |
| Change in imports† | +3.3 | +25.2 |
| Change in Money GDP* | +5.9 | + 9.8 |
| Absorbed by higher prices* | +5.9 | + 9.8 |
| Change in Real GDP* | 0 | 0 |

na=not applicable; *=approximate; †=including invisibles.

## Lombard

# Poor homework by the banks

By David Lascelles

THE SHOCKS which have jarred the world banking industry in the last few months have given rise to predictable expressions of concern about the soundness of the world banking system. But while one naturally hopes that these unpleasant episodes are all "isolated and containable" as Mr Volcker described the problems on his own doorstep last week, should we not be equally concerned about how the afflicted banks got into their predicaments in the first place?

It is not as if the banking industry has been the innocent victim of some massive and unexpected blow from without. Rather the opposite. In all cases—Drysdale, Penn Square and Ambrosiano—the banks which took losses appear to have brought a good part of the trouble on themselves, largely through questionable management.

The lapses seem to fall into two categories. One is inadequate control, notably in the Drysdale case where several large U.S. banks lent enormous amounts of securities to a thinly capitalised trading house whose reputation was already being widely questioned. What made things worse was that—contrary to their customary practice—the banks had not pinned down in detail who was liable if Drysdale went bust, so when the awful day came there was a critical moment of uncertainty which made the problem worse than it might have been. To their credit, the banks did step forward, though not, one suspects, out of love for their fellow men.

The other is the failure to do the proper homework. This would seem to apply to both Penn Square and Ambrosiano. In the first case, large U.S. banks were buying energy loans which had been packaged by Penn Square without checking out Penn Square's customers properly themselves, or, in some cases, running the loans past their own energy experts. The banks were, in effect, taking the word of a bank which had been identified by U.S. regulators back in 1980 as a potential problem, and had an obvious interest in touting energy loans since that is where fully 80 per cent of its business lay. As for Ambrosiano, the losing banks are now clamouring for information about Ambrosiano's Luxembourg subsidiary, and where their money went. Their tone is one of indignation, but should they not have known all this before they signed the loan agreements?

These shortcomings seem to be to some extent managerial. As a senior executive at one of the U.S. banks admitted: "The right people were not talking to each other." In some cases, junior people were in positions which required considerable experience and judgment: in others, banks were amassing credit exposure through departments whose responsibilities were essentially clerical.

But an explanation may also lie in what is politely known as an excessive desire for profits. The people at Chase who passed on billions of dollars worth of bonds to Drysdale were apparently under enormous pressure to drum up new business. In that sort of climate an ambitious young banker will think twice about checking out a business prospect with a credit officer who may say No. Similarly at Continental Illinois, the energy lending department took on $1bn worth of Penn Square loans in what can only have been a state of near euphoria that clouded their judgment.

American banks are particularly susceptible in this regard. With 14,000 of them beating the same well-trodden paths for business, it is easy to see how management can lose sight of the distinction between quality and quantity of earnings which is so important to sound banking.

Were this the first time trouble of this sort had happened, it would be easier to understand. But Herstatt had already shown that banks must be on their guard against the sudden unexpected shock. The collapse of Penn Square also bears an uncanny resemblance to the real estate lending boom-and-bust of the mid-1970s which makes one wonder where the lessons of the past are stored away, especially at banks that got hit on both occasions.

# Letters to the Editor

## Merry-go-round of money supply

*From Mr P. Roth*

Sir,—Your Lex Column (July 26) suggests that a consumer boom, brought about by a relaxation of hire-purchase controls, could always be offset by increased sales of national debt — more than would strictly be necessary to finance official borrowing needs — with no effect overall on the money supply.

Without necessarily arguing against some sort of consumer boom, it looks to me as if "overfunding" is gaining widespread acceptance as the new miracle cure for Britain's monetary excesses, regardless of their cause. Other things being equal, the reasoning goes, the sale of public-sector debt reduces private-sector deposits (ie, money) which bank lending helps to create.

But overfunding also drains liquidity from the banking system, just as the tax-paying season does. Unless the authorities continue to re-inject cash into the money markets through commercial bills purchases, interest rates would go up.

There is a tendency to regard Bank of England intervention in the bills market as purely a "technical" transaction that takes place within the monetary sector and therefore has no effect on the monetary aggregates. However, in the case of commercial Bills, there is more than that. The Bills are issued by corporate borrowers in exchange for bank deposits; when the bank later rediscounts them, the net effect is the same as if the authorities had themselves increased private-sector deposits, which their overfunding helped to reduce.

The merry-go-round in which the Government borrows long-term from the private sector and re-lends short-term might reduce the money supply if the official Bill purchases displaced, or "crowded out," bank lending. The assumption is reasonable until one remembers that gilt sales also crowd out new equity and corporate bond issues, forcing expanding companies into the banks.

A policy of choking the capital markets with gilts as an antidote to the growth in bank lending sounds a bit like pouring oneself another drink to get over a hangover. Perhaps the idea is to overfund through National Savings, in which case the housing and building society industry might not be too happy about the hire-purchase boom.

Paul Roth.
*82, Lansdowne Drive,*
*Hackney, E8.*

## Remedies for profitability

*From Dr Alan Scotney*

Sir,—As a company chairman and a regional CBI officer, Mr Jourdan (letters July 21) clearly believes he must present a picture of current economic policy which allows him to propose "remedies" which greatly increase company profitability. Certainly, shareholders cannot complain that their short-term interests are being neglected when he proposes the abolition of N.I. surcharge, lower rates for business premises and lower interest rates.

For one in his position, this is perfectly proper, but he really must not elevate such views to the stature of holy writ, as he does by implication in his final sentence, when despairing of "getting the views of those of us who are at the sharp end through to the Treasury." I think it is more likely that the Treasury sees both sides of the argument, rather than the one which Mr Jourdan chooses to present.

The three specific reliefs mentioned undoubtedly increase corporate profitability, and Mr Jourdan states baldly that they are not reflationary. Presumably, then, these extra profits are reinvested in the business, and the unions can be relied upon not to attempt to divert them into wage-packets (which would be both reflationary and inflationary).

If he is lucky, and reinvestment takes place, what will he say of the managing director who is so lacking in public spirit that he buys modern labour-saving equipment which increases his productivity and profitability but does nothing for the 3½m unemployed?

In addition, it may well be true that Government borrowing is too high, but Mr Jourdan should not forget the involuntary "fresh starts" and upward revisions since 1979 which have resulted in the borrowing target being so high. A realistic target is not necessarily the most desirable.

Mr Jourdan may choose to ignore the verdict of the City, which is now consistently testing all-time highs on the All-share, 500- and 30-share indicies; he may disregard the established upward trend in the forward-looking leading indicators and construction activity index; he may wish to trade the cautious, painful, slow-but-sure approach of the Government for a couple of years of corporate boom. Many people, including the Treasury, do not.

Alan Scotney.
*17 Hyndland Avenue,*
*Glasgow G11.*

## Implications of SSAP 16 vote

*From Mr Michael Renshall*

Sir,—Mr R. J. Emms (July 21) is right to warn against misinterpretation of the vote on SSAP 16. The resolution is specious and equivocal. Its implications threaten far more mischief to the British corporate sector than has been realised, because there is now a real danger that the proposers may achieve what by inference they seek but will not openly admit—that historical cost accounting should be the required basis of financial reporting in this country.

The vote is superficially about SSAP 16, but is assumed by most to be really about current cost. In fact it is not. It is really about whether company accounts should be allowed to reflect realistic asset values or should be based on strict historical cost principles.

It should be recalled that since June 15 this year the Secretary of State for Trade has had power to make regulations to require companies to report on a strictly historical cost basis under the new Eighth Schedule to the Companies Act 1948. The new Schedule specifically permits companies to use current values (or current costs) in their accounts but this is by way of concessional variation from the basic historical cost rule and the relevant paragraph could be expunged at the stroke of an administrative pen. Current cost accounting would then be cast into statutory limbo beyond resurrection by the ASC or the accountancy bodies.

Before the opponents of SSAP 16 express satisfaction at such an outcome they should reflect that it would result, of course, in a bar on any upward revaluation of any assets whatsoever in company accounts. The bar would probably affect only a minority of companies—mainly listed, public and larger private companies.

The tens of thousands of smaller companies with whom the supporters of the resolution are concerned almost certainly follow strict historical cost principles in their accounts and are not affected. But the financial consequences for larger companies of an absolute bar on revaluations — for instance on their capitalisation and borrowing powers — could be seriously damaging.

I do not believe that most of the supporters of the resolution appreciated or intended that this is how their opposition to SSAP 16 will be interpreted, but it is the logical outcome of the views expressed by its proposers. To allow the matter to proceed to a final count on the basis of such uncertainty would be irresponsible and mischievous.

Michael Renshall.
*1, Puddle Dock, EC4.*

## Reinstatement of Trestrail

*From Prof Peter Campbell.*

Sir,—May I, on behalf of the Conservative Group for Homosexual Equality, express the hope that Commander Michael Trestrail will be reinstated in the Metropolitan Police at the same rank?

It is widely acknowledged that he was a most efficient police officer; his relations with Rouch were not illegal; the Government's decision on Lord Diplock's recommendations mean that he would not have been excluded from security-sensitive posts. If Lord Bridge finds him "clean" as a security risk, then it seems doubly desirable that he should be reinstated, for reinstatement would not only benefit a loyal and efficient officer, but would have a very beneficial effect on the public service in respect of homosexuals in it.

They are vulnerable to blackmail because they are liable to be dismissed or transferred to lesser positions if their homosexuality is discovered. To reinstate Commander Trestrail would give public proof that homosexuality will not prejudice one's career — such an effect would be excellent for the public service, as well as for the homosexuals in it.

Peter Campbell.
Chairman, Conservative Group for Homosexual Equality.
*6, Treyornon Court,*
*37, Eastern Avenue, Reading.*

## Communicating at British Steel

*From Mr Grahame Isard*

Sir, — It is reassuring to read in your pages (Letters, July 21) that the chairman of the British Steel Corporation attaches importance to effective communication with his organisation's shareholders. Why, therefore, are they required to contribute a further £1 to obtain a copy of the annual report and accounts, when the versions of listed companies are generally provided free on request to mere members of the public?

G. R. H. Isard.
*314, Caledonian Road*
*Islington, N.1.*

# Internal actions boost Lex Service to £10.6m

ACHIEVED largely as a result of internal actions and without any assistance from external economic conditions, taxable profits of Lex Service, car and commercial vehicle distributor, expanded from £6.1m to £10.6m for the six months ended June 27 1982.

Turnover was well ahead at £317.6m, compared with a previous £253.8m, and the interim dividend is lifted to 3.1p (2.8p) net per 25p share—last year's final was 4.2p.

While directors hope to maintain the current level of operating profit—up from £8.1m to £13m for the first six months—in the second half of the year, they warn that there will not be the benefit of the low interest charge of the 1981 second period.

Interest amounted to £2.3m for the six months of 1982. This is compared with £2m for the corresponding period last time, and a total of £2.9m for the full year operating profit of which was £19m, and pre-tax profit £15.8m.

First half pre-tax earnings per share are shown as 16.37p (9.42p) and 11.43p (8.34p) after tax.

In the UK Volvo Concessionaires again achieved excellent results and despite the lack of any noticeable improvement in their markets, most of the other UK businesses showed considerable improvement, Mr Trevor Chinn, chairman and managing director states.

New registration of Volvo cars were 16 per cent higher, representing a market share of 3.33 per cent, against 2.81 per cent previously. BL Cars' share of the market fell to 18.1 per cent (20 per cent) which, together with the continuing pressure on profit margins led to worse results for the group's BL Cars' dealerships, Mr Chinn says.

He adds that the rationalisation of the commercial vehicle business, which commenced 18 months ago, resulted in a considerable reduction in losses for the half year.

Volume in the market for the carriage of express parcels was relatively unchanged and trading conditions remained very competitive. Wilkinson Transport, however, achieved significant progress in improving the quality of traffic and in reducing its units and overhead costs, "and as a result is now moving into profit." The other transport businesses continue to trade successfully, the chairman says.

Mr Chinn adds that the reorganisation of the operating structure of Harvey Fork Truck Hire is now achieving significant economies enabling the business to improve its performance in a relatively stagnant market.

Lex Service Leasing traded particularly well, he says, with excellent after-interest profits.

As anticipated, the U.S. recession continued to affect the group's businesses there. Gross margins at Schweber Electronics Corporation remained under "considerable competitive pressure" and led to a low level of profitability, while the vehicle parts distribution companies both experienced difficulty in improving sales volume against a low level of customer demand.

Tax charge for the six months amounted to £3.2m (£0.7m) and after an extraordinary credit of £1.2m last time, and dividends £2m (£1.8m), the retained balance was £5.4m, against £4.8m.

Lex Service Incorporated (LSI), wholly-owned U.S. subsidiary, has signed a letter of intent with the David Jamison Carlyle Corporation (DJC) under which LSI will take a major participation in DJC, a distributor of computer, micro-computer and telecommunications products and systems.

Initially it is proposed that LSI will subscribe $2m for new common stock in DJC and will subscribe the same amount for a four-year 12 per cent convertible loan note.

With the loan note LSI will also receive warrants for conversion into 2m DJC common stock shares at a conversion price related to book value at the date of conversion, subject to a minimum price, assuming full conversion, of $5m.

The initial $2m investment will result in LSI holding some 25 per cent of the existing undiluted equity of DJC and full conversion of the loan note and the warrants is expected to increase the holding to over 50 per cent of the then fully diluted equity.

For the year ended October 31 1981, after tax profits from continuing operations of DJC were $1.03m, and for the six months to April 30 1982 the company suffered a loss, after tax, of $0.61m. Net tangible assets at that date amounted to $4.56m.

## HIGHLIGHTS

Lex today discusses the changes in the FT Industrial Ordinary Index from which John Brown and Turner & Newall have been removed to be replaced by BTR and BICC. International Air Radio, the British Airways subsidiary which is being dusted down from its sale to the private sector, has produced its 1981 report and accounts. The column assesses the value of this company before going on to look at the Stock Exchange Council's disciplinary proceedings against members of the stockbroking firm Halliday Simpson.

### ● comment

Lex Service is an untypical animal in its sector. Not only is it branching out into distributing electronic components in the U.S.—a business with long-term growth potential, but even its car importing and dealership businesses are expanding. Virtually all the 60 per cent jump in operating profits can be attributed to the strong growth of Volvo's market share in the UK. Growth at this rate cannot be expected to continue indefinitely; in the meantime it is the main reason that debt has fallen by £9.1m to £22.9m, 23 per cent of shareholders' funds. Meanwhile Lex has demonstrated its confidence in the Schweber acquisition by buying again in the same field. If and when these businesses show evidence of growth, the suspicion of the company's diversification policy—based on past mishaps—should disappear, producing a further boost to what has been a buoyant market performance in recent months. The shares rose 2p yesterday to 144p, where the prospective yield is 7.8 per cent.

# Ofrex Group declines midway

Ofrex Group, reports a reduction in taxable profits from £1.85m to £1.82m for the six months to April 30 1982. Sales dropped from £41.88m to £27.41m.

The group, which distributes and manufactures office supplies, is not paying an interim dividend. For the 1980-81 10 month period an interim of 1.17p per 20p share was paid on pre-tax profits of £1.85m. No final was paid.

Tax took more at £654,000 for the first half, against £178,000.

Ultimate holding company is American Brands.

# Acrow cuts losses by over £2m—rationalisation continues

SECOND-HALF losses at Acrow, engineering concern, were much lower at £730,000, against £2.29m, and for the full year ended March 31 1982 the pre-tax deficit was £2.67m, compared with a previous £4.95m.

The results were after interest charges, little changed at £5.89m (£6.06m).

The directors reported a midway loss of £1.94m (£2.69m) and said that provided nothing unforeseen happened, the group would return to profitability during the second half.

They now say that they are confident the company will be in good shape when trading conditions improve, and they look forward to the future with guarded optimism.

The dividend is halved, however, to 0.375p (0.75p) net per 25p share — as last year, there was no interim payment.

They explain that in the latter half of the year steps were taken within the group to balance the companies' activities with demand, and this rationalisation process will continue at a faster rate in the current year.

The directors say the company will continue with its policy of reducing costs and capacity where necessary in line with current demand, and they expect this to start yielding benefits in 1982/83.

The group's overseas companies have also been subjected to cost reduction disciplines, the directors point out.

Turnover for the year went ahead from £148.87m to £167.25m.

Tax charge amounted to £214,000 compared with a £684,000 credit after which loss per share is given as 4.63p (6.82p). There were extraordinary debits, up from £785,000 to £1.27m for the period which related mainly to provisions in respect of investments in associate companies.

The directors explain that in the light of adverse economic conditions in Brazil, it was considered prudent to make provisions against the book value of Acrow Armasil. However, following normal practice, the company has not written up quoted overseas associates where the market value is in excess of the book value.

### ● comment

Quite close to its March year-end, Acrow was still talking in terms that suggested a return to profit. But orders tailed off again — a story which has become depressingly familiar of late — and there are further losses in the second half. Construction activity in many of Acrow's overseas markets is closely related to oil revenues: the oil-glut has not been helpful to sales of construction plant, and overall demand is "right back on the bottom." Acrow is not venturing any forecasts now. The balance sheet is tighter even than a year ago. Equity has been depleted by writing-off Acrow's interest in a Brazilian associate on top of the running loss. With the non-voting shares at 31p, the group's £20m capitalisation is roughly half the value of its debts.

# Security Centres advances to £0.7m

A SHARP rise in pre-tax profits has been shown by Security Centres Holdings, from £366,022 to £703,254 for the year to March 31 1982. Turnover of this group, formerly St Georges Assets, which installs burglar and fire alarms, closed circuit television and perimeter protection, increased from £1.46m to £3.36m.

At half time a rise in pre-tax profits from £174,647 to £311,798 was produced and the directors said the rise was partly because of acquisitions, but mainly because of strong internal growth.

The directors said at that stage that the outlook for the rest of the year was promising and they expected a further satisfactory increase for the full year.

Commenting on the year under review they say that business in the first quarter of the current year continues to grow at budgeted levels and the group is trading strongly. Expansion is continuing both in the UK and overseas, particularly in the U.S.

As forecast at the time of the rights issue last February, a final net dividend of 0.9p is proposed which brings the year's total up to 1.5p, ahead of the previous year's total of 1.3p.

Earnings per 10p share were given as rising from 3.68p to 8.34p, after tax took considerably less at £9,082 compared with £113,421.

### ● comment

It says quite a hit for the reputation of Security Centres that the market was completely unsurprised by its near doubling of profits, the shares remaining at 148p. As one would expect from a company which launched two rights issues within 14 months, Security has been highly acquisitive. The workforce has doubled and the reorganisation involved has had a slightly depressing effect on trading margins, which were however still around 26 per cent. With over £1m net cash left from the last rights issue, the next steps looks like being expansion in the U.S. and the start-up of an on-site business in the Middle East, probably in Riadh. Chairman Mr Brian O'Connor says that current trading shows a "normal" level of growth — which seems to indicate that Security should comfortably break the £1m profits barrier this year. On a fully taxed basis the shares trade on a multiple of around 35, but apparently due to more intelligent exploitation of capital allowances, the actual tax charge is minimal.

# Second-half pick up at Centreway

THE MIDLANDS-BASED industrial holding company, Centreway Industries, has achieved a turnround from a loss of £71,397 to a pre-tax profit of £311,534 in the year ended March 31, 1982. At the half year, the company, which is a subsidiary of Centreway Trust, reported lower profits of £38,000, against £92,000.

External sales for the year were lower at £19.87m, compared with £21.13m previously. All activities have benefited from improved levels of operating efficiency and the benefit of these efficiencies is likely to continue into the current year.

On the basis of the present economic indications it seems unlikely that there will be any major improvement in the group's trading prospects in the current year, other than those obtainable from improved internal efficiency and competitiveness, the directors state.

In last year's accounts, the directors considered it necessary to provide £200,000 as a general group debtor provision. However, claims against this provision have been nominal and in view of the more satisfactory current group debtor position, this provision has been reduced to £50,000.

Since the year end the company has acquired Westerly Yachts and a 50 per cent interest in Servis Holdings. On the basis of the prospects for these businesses and the improved efficiencies arising from existing activities, a further improvement in the group's trading results seems to be possible in the coming year, they add.

Commenting on Westerly Yachts, the directors say that it has a most promising sales outlook for the current year. Servis's recent introduction of the Servis Quartz, an advanced automatic washing machine, will be the cornerstone for future growth, the directors state. It is likely they say, that Servis Holdings will seek to raise further capital in the near future by means of a rights issue, which the directors intend that Centreway should support.

Centreway is paying an unchanged final dividend of 4p per 50p share for a same-again total of 5p net. Earnings per share were up from 2p to 3.3p.

As at March 31, 1982, net assets per share were 154.8p (153.9p).

Operating profits increased from £345,077 to £571,420, before interest payments of £259,886 (£416,474). After a tax charge of £112,387 (£246,516 credit) and an extraordinary credit of £23,424 (£284,274 debit) available earnings showed through at £222,571, against a deficit of £109,155.

The extraordinary item represented a gain of £73,424 on the sales of an investment and properties, less a vehicle group reorganisation provision of £50,000. Dividends cost £228,326 (£228,324) leaving a retained loss for the year of £5,755, compared with £337,479.

An analysis of group sales and pre-tax profits by activity shows: (in £000s): manufacturing — ladies' shoes 4,016 (4,280) and 40 (147), deep drawn pressings 3,348 (3,445) and 255 (343), rubber mouldings 1,244 (1,135) and 102 (77); vehicle distribution and leasing 11,265 (12,272) and 54 loss (360 loss); property — (—) and 158 (221).

Centreway Trust, which itself is a subsidiary of George Whitehouse Investments, made a taxable profit of £147,000 for the year to end March, against a loss of £286,000 previously. First-half losses had been cut from £83,000 to £19,000.

Sales jumped to £21.76m (£3.43m) for the year. Stated deficit per 50p share was 58.38p (35.83p) after a tax charge of £217,000 (£106,000 credit). The dividend is unchanged at 1p net — the interim was again omitted.

### ● comment

Loss elimination on vehicle distribution and a £150,000 write-back on a bad debt provision has returned Centreway's p and l account to the black. Trading margins on footwear and metal pressing continue to shrink and there are few signs that the general trend can be reversed. But there are some hopes from product innovation. The new catering steel containers are doing well on continental markets and Leyland has approved its rubber moulding subsidiary as a supplier although that may not be the obvious route to success judging by other suppliers' experience. Following on from the shutdown at Wrexham further closures on the vehicle side are not ruled out but the purchase of Servis, producing a micro-chip washing machine, could be the deal which adds some real zest to the trading performance once its problems are sorted out. The shares, unchanged at 115p, yield 6.3 per cent on an unchanged dividend.

# VTC tries again with £1m placing

BY TERRY GARRETT

VTC, a relatively new entry into the video film business run by a 27-year-old Swede, is making its second attempt to raise money in the City.

Through Harvard Securities, a firm of licensed dealers, VTC is trying to place 1m ordinary £1 shares at par. VTC had made a similar offering in May but was unsuccessful in finding sufficient buyers and no shares were allotted.

The shares will not be joining the Unlisted Securities Market of The Stock Exchange's full listing but Harvard will use its "best endeavours" to make a market in the company's ordinary shares.

VTC has been formed with the specific purpose of entering the UK video film market. Initially the company has contracted to buy the rights to 147 titles—some purchased from the Stockholm company of Mr Charles Aperia, the Swedish chairman.

The new money—£870,000 after expenses—will be used to finance working capital.

Despite some exotic sounding titles such as "Striptease," "Loving Couples" and "Rust Never Sleeps," the company will exclude pornographic and excessively violent film material from its portfolio.

The distribution of the films to wholesale and retail outlets will be carried out through CBS Records which will handle the warehousing, order processing and debt collecting of VTC.

The company is headed by Mr Charles Aperia, aged 27, and Mr Guy Collins, aged 38. Mr Aperia entered the video business in 1977 and is described as having "considerable experience of financial investment in video, motion pictures and other industries."

Mr Collins has been involved in film finance, production and distribution since 1977.

Under service contracts Mr Aperia has agreed to devote no less than 50 per cent of his time to VTC and Mr Collins 75 per cent.

Apart from the 1m ordinary shares, 850,000 deferred shares, 10p paid, are in issue—100,000 to Harvard with the balance split equally between Messrs Aperia and Collins.

Conversion of the deferred may take place any time after June 30 1984, by subscribing for another nine new deferred for every one held at 10p each and consolidating every 10 deferred into one £1 ordinary. Prior to conversion each deferred carries the right to two votes, but no dividends.

On full conversion the current deferred holders will have 46 per cent of the equity.

Without any track record no forecast is offered but after pointing out the risks of the new venture—"the issue is of a speculative nature" even though the video market appears to be a growth sector—there is an illustrative projection.

In the three months to June 30, 16 titles have been released and another 44 titles will be released in the period to next March. Thus the directors believe pre-tax profit for the 12 months to March 1983 could be £550,000. This is before extraordinary items of £130,000 representing the cost of the placing. They anticipate a dividend of 10p per ordinary share.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corre-sponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Acrow | 0.38 | Dec 1 | 0.75 | 0.38 | 0.75 |
| Brasway | 2.5 | — | 1.33* | 4.17 | 2* |
| Centreway Industries | 4 | Sept 30 | 4 | 5 | 5 |
| Centreway Trust | 1 | Oct 1 | 1 | 1 | 1 |
| Dunbar Group ...int | 4 | Sept 1 | 3.75 | — | 7.5 |
| Equipu | 2 | — | — | 3.1 | — |
| Lex Service ...int | 3.1 | Sept 9 | 2.8 | — | 7 |
| Macarthys Pharms | 3 | Oct 1 | 5 | | 7 |
| Martin Ford ...int | 0.25 | Oct 6 | nil | — | 0.85 |
| Security Centres | 0.9 | Oct 1 | 0.8 | 1.5 | 1.3 |
| Vantage Securities ...int | 0.3 | Oct 1 | 0.25 | — | 1 |
| Whittington Estates | 0.05‡ | Oct 1 | nil | 0.05 | 0.05 |

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock.

## Caution over economy at Wedgwood

BUSINESS AT Wedgwood continues to suffer from lack of demand, reluctance of trade customers to finance stocks at current interest rates, the squeeze on incomes and "intense competition from all quarters of the earth," Sir Arthur Bryan, chairman, told the company's annual general meeting yesterday.

Indications that interest rates may be on the way down were "the little chink of light at the still distant end of the tunnel," he said.

The company was continuing its attack on costs, improving manufacturing processes and bringing in new designs, which would be introduced from next February. Some benefits would begin to appear in the current quarter, but the company also aimed to take advantage of the hoped-for improvement in economic conditions in the spring of next year, he said.

The next report would be towards the end of November, with results for the six months to October. "Those results are likely to reflect the general international malaise, but if interest rates continue to decline we expect to be trading in a better climate in the second half."

## Dunbar rises to £532,000 in first half

Pre-tax profits of Dunbar Group increased from £364,000 to £532,000 for the first half of 1982, while earnings per £1 share moved ahead from 18.1p to 20.1p.

The interim dividend is being raised from 3.75p to 4p net—last year's total was 7.5p on taxable profits of £802,000. The group provides services in banking, investment management, loan broking, leasing and unit trust management.

The development of the business is proceeding according to plan with growth in all divisions, the board states. It remains confident that the year as a whole will produce a further improvement in earnings per share, which in 1981 amounted to 34.1p.

Profits for the half-year were after a share of associates losses of £9,000 (£13,000 profits). After tax of £270,000 (£183,000) and the dividend of £52,000 (£38,000) retained surplus was up from £143,000 to £210,000.

The company's ordinary shares were admitted to the Official List of the Stock Exchange on June 1 1982.

## Martin Ford well ahead at halfway

Pre-tax profits at Martin Ford more than doubled in the six months to May 29 1982 from £43,673 to £91,439, on turnover down slightly from £3.59m to £3.52m. Pre-tax profits for the whole of 1981 came to £101,087 on turnover of £7.07m.

As a result of the improved midway figures, the directors are recommending the declaration of an interim dividend with the payment of a 0.25p net per 10p share. Last year saw a final dividend only of 0.65p. Net earnings per share are stated at 0.28p (0.23p).

Although trading conditions remain erratic, the company—a retailer of ladies' wear—says the improved results are encouraging and it is hoped that further advances will be made in the second half.

Tax for the half-year took £47,399 (£7,978), and there was an extraordinary credit of £95,378 (nil) arising from the disposal of property.

# Mount Charlotte improves to £0.35m at interim stage

FOR THE 28 weeks to July 11 1982, Mount Charlotte Investments, the hotel group with certain catering interests, has raised pre-tax profits from £140,000 to £350,000 on a higher turnover of £7.81m, against £5.92m.

The freehold of the Ryan Hotel in London was acquired on June 30 1982 and interim results include profits from the operation of this hotel during the period. The Quay Hotel at Poole was acquired on May 6 1982. It is held on a 125 year lease from the local authority on favourable terms.

Interest charges for the 28 weeks increased from £413,000 to £483,000. Again no tax is payable. The company says there is unlikely to be any corporation tax charge, because of losses brought forward and allowances on substantial capital expenditure. The only charge is likely to be writing off ACT on the dividend.

The company does not pay interim dividends. Last year's single payment was 0.77p net on taxable profits of £714,000.

● comment

With new acquisitions and the poor performance of the five packaged holiday hotels stripped out—their future within Mount Charlotte is doubtful—the underlying first half profit increase is around 35 per cent. This was achieved despite a sharp trading setback caused by the severe January weather. Volume improved in a generally weak market. This was in part due to North American sales where prices benefited from the fall in the value of the pound. But the gain also reflected the response to the costly upgrading programme by the group over the past few years. This enabled market share to be expanded in the depressed commercial sector. Currently the higher volume is being maintained and with wages under control general costs are rising by only some 10 per cent against more than 17 per cent a year earlier. The company is, therefore, confident of exceeding the 1979 record of £1m before tax. However, this recovery has come at a heavy price in terms of income gearing. Payments related to the Ryan and Quay hotels have added £2.4m to borrowings currently 50 per cent of shareholders' funds. Some disposals and the better cash flow would ease the situation but an upturn in the market is needed to really transform the profit line. Yesterday the shares put on 1p to 26½p for a very demanding prospective p/e of 20.

# Equipu above forecast at £0.61m

COMPARED WITH a forecast of some £600,000, taxable profits of Equipu, which supplies and services office equipment and business systems, amounted to £610,689 for the year ended April 30 1982, compared with £521,488.

Results are the first annual figures since joining the USM.

Mr Philip Bradshaw, chairman, feels this must be considered satisfactory against the background of the recession.

At halfway pre-tax profits were £250,000 (£217,000).

Turnover for the 12 months rose from £4.81m to £5.5m and the final dividend is 2p net making a total of 3.1p, as forecast. Earnings per share went ahead from 8.56p to 10.43p.

The number of placements of photocopying machines increased by 19 per cent over the year, and a range of Dry Toner Plain Paper Copiers is being sold through the Copy-It division.

Although these machines were only introduced last November, the chairman says that good progress is being made. Branches were opened in Bath and Swansea and others are imminent, he adds.

The general business division continues to perform well, Mr Bradshaw states, with electronic typewriter sales showing particularly strong growth. And this should become a larger proportion of the division.

Sales on the word processor and small business computer side showed an increase of some 30 per cent, but Mr Bradshaw says this remains only a small proportion in relation to the group's total sales. Efforts are being made, he adds, to strengthen this sector "as it is felt it will play a very important part in our future."

After tax of £171,814, compared with £177,612, and an extraordinary debit of £115,950 last time, available profits came through just behind at £438,875 (£459,526). Dividends will absorb £44,413 — directors waivers amount to £92,945.

On a current cost basis the pre-tax figure is reduced to £568,000 (£459,000).

● comment

The photocopier division—the most important part of Equipu's business—was buoyed up by November's attainment of an exclusive trading agreement with Minolta. Margins too should receive a lift in the current year, after a recent 10 per cent increase in service and supply charges—the first such move for five years. Equipu evidently believes that it can attain satisfactory volume growth without attempting to move in on London, which accounts for about half of the photocopier market. At the time of the flotation Equipu stressed the growth potential of the small word processor and computer division, so it is just a little disappointing to learn that its proportionate contribution to sales and profits is still only about 5 per cent. A full quotation is on the cards when profits hit the £1m mark—which is most unlikely this year. Up 5p at 98p, a new high, the thinly traded shares are on a p/e of about 14.

# De La Rue sees trading depressed in first half

"WE ARE still looking at a weak first half to the year, with the prospect of better things to come in the second half," Sir Arthur Norman, chairman of the De La Rue Company, told the annual meeting.

The damaging events which overtook the banknote business in the later months of the last financial year were as stated in June, significantly affecting the opening months of the current year.

In Crosfield Electronics although a successful presence at the DRUPA exhibition in June had produced substantial orders for delivery in the second half, the reluctance of customers to commit themselves before that event had depressed the first six months' trading rather more than expected.

"We shall have a much clearer view of the outlook on both these fronts when we report at the half year," said Sir Arthur.

Trading in export markets was a great deal more difficult than it had been for many years, with protectionism and high interest rates in the developed countries and crippling debt and low commodity prices in the Third World.

"However we have few doubts as to our ability to overcome current problems," Sir Arthur added.

## Restructured Whittington boosts profits

Pre-tax profits at Whittington Estates for 1981 rose from £95,000 to £148,000, on turnover substantially reduced by company restructuring from £4.19m to £382,000. The figures exclude results from the company's former textile printing subsidiary, Levex (Prints & Fabrics), the sale of which was completed in September 1981.

Following a complete change of management in April 1982, Whittington is now established as a property investment company.

At halfway there was a £60,000 loss, compared with a £92,000 profit.

A net dividend of 0.05p per 5p share, on increased capital, is recommended for the year, following the previous year's interim only payout of 0.5p. Earnings per share are stated at 0.93p (0.87p) and 0.77p (0.72p) fully diluted.

Tax took £67,000 (£19,000) and there was an extraordinary debit of £76,000 (nil), representing the loss on the sale of the Levex subsidiary and provision against that company's indebtedness to the group.

The property portfolio has risen from £1.4m at December 31 1981 to in excess of £2.5m. The directors look forward to a further substantial improvement in asset value during the current year.

# Brasway recovers to record £0.7m

Taxable profits of Brasway staged a sharp recovery from £70,264 to a record £713,027 for the year to May 1 1982. Turnover improved by £4.74m to £23.82m.

A final net dividend of 2.5p (1.33p) is proposed making an adjusted total of 4.17p (2p) following a 1 for 2 scrip issue in January.

The directors have proposed another 1 for 2 scrip issue. Stated earnings per share have risen sharply from 1.5p per 10p share to 19.34p.

The company is involved in scrap and steel processing and manufactures tubes and bright bars.

The directors say that, considering the present economic conditions, they are satisfied with the results for the year. All three operating divisions traded profitably with tube and bar divisions making a major contribution.

The balance sheet continues to strengthen, say the directors, although sales volume has reduced during the holiday period. They forecast another profitable year.

Tax took more at £115,000 compared with £23,702 last time.







THE TRING HALL USM INDEX
126.9 (unch)
Close of business 28/7/82
Tel: 01-638 1591
BASE DATE 10/11/80 100

LADBROKE INDEX
559-564 (−2)

# BIDS AND DEALS

## Dissidents encourage bid for Global Resources

THE DISSIDENT faction seeking to unseat the board of Global Natural Resources would, if successful, encourage a third party tender for Global shares at a substantial premium to the current market price of $13.

The faction, co-ordinated by the New York brokerage firm of Bear Stearns, also plans to amend Global's Articles of Association to allow the company the flexibility to repurchase its own shares.

In a circular despatched to as many of Global's bearer shareholders—and thus unregistered—as it can find, Bear Stearns attacks Global's proposed acquisition of McFarlane Oil.

The dissidents will come to the High Court in London on August 3—after the start of the court's two month summer vacation—seeking an interlocutory injunction against the proposed $44m McFarlane purchase.

Bear Stearns is determined that shareholders are given an opportunity to vote on the acquisition and express any feelings they may have about the dilution of Global's equity. The ultimate deadline for all blocking manoeuvres is September 13 when the dissident proxies clash with board supporters at the annual meeting in the Channel Islands.

If the McFarlane takeover does go through, Global's equity will be increased by 13.5 per cent.

Each side has been confidently claiming solid support from the bearer shareholders they have unearthed. The dissidents are employing The Carter Organisation, one of the largest forms of proxy solicitors (solicit means search in this context rather than bearing any legal overtones) to help track down widely spread shareholders.

Of the 21m shares currently in issue, Bear Stearns calculates that 5m are held in the U.S., between 3.5m and 4m are held in West Germany and 1m to 2m are held in Britain. The remainder, as the brokerage firm admits, could be anywhere. One significant holder turned out to be the commercial attaché in the Indonesian embassy in Moscow.

The dissidents claim 7 per cent of the outstanding shares and say that the board has less than 1 per cent.

Bear Stearns recently acquired 1.2m shares from the trustee of the unclaimed shares. The firm found it significant that neither Lehman Brothers or Hambros Bank, Global's advisers, bought this stake for their clients when first offered them by the trustee.

## British Sugar abandons its courtroom campaign

British Sugar Corporation has abandoned its courtroom campaign to block the contested £282m bid by commodity trader S. and W. Berisford, and, while the possibility remains that the Competition Directorate may eventually order Berisford to divest its holding, the success of British Sugar's determined battle for continued independence rests entirely with the Office of Fair Trading.

The beet producer had expected to appear at the European Court of Justice today to seek an injunction to preserve the status quo. However, much as Berisford had intended, the recent £6m disposal of the bidder's sugar merchanting business—with by far the largest position in the UK market—has caused the EEC commission to take an entirely different view of British Sugar's application.

The legal services of the commission have informed British Sugar that the purchase by another merchant, Napier Brown, of Berisford's interest in this sector altered the basis of the case. British Sugar was told that "if this sale had already occurred by July 16 (when it was first announced that a European investigation was to be started), the services of the commission would not have recommended the opening of a formal procedure in this case."

British Sugar does, however, have some consolation in the knowledge that the Competition Directorate does not intend to drop its investigation. On the day after the sale to Napier Brown, the defence took the precaution of asking the Directorate to reaffirm its views. Back came the telexed reply that the "Commission will examine the compatibility of the agreement between Berisford and Napier Brown with the EEC rules of competition."

That investigation is expected to go on for some six months. Today, however, the OFT will relay its views to the Trade Minister, Lord Cockfield. The OFT deferred Berisford's earlier bid to the Monopolies and Mergers which, in the spring of 1981, allowed the bid to go ahead after a nine-month examination.

Should the OFT take the same view 15 months later and confirm, in effect, that the Monopolies Commission verdict is final and should not be overturned, Berisford will trigger the agreement with Ranks Hovis McDougall to acquire a further 10.5 per cent of British Sugar. That would give the commodity group majority control with 50.52 per cent and an extraordinary meeting of its shareholders tomorrow would almost undoubtedly sanction Berisford's 470p per share bid for the minority. A reference, on the other hand, means that the bid automatically lapses.

## Lookers breakthrough in bid for Braid

BY CHARLES BATCHELOR

Lookers, the Manchester vehicle distributor, yesterday achieved a surprise breakthrough with its £3.58m bid for Braid Group, when Braid's largest shareholder came out in support of the offer.

Lookers announced that its offer had become unconditional after it gained control—in the form of acceptances or purchases—of 75.8 per cent of Braid's ordinary shares.

Avondene Securities, part of the Bank of Scotland group, is understood to have put its 29.92 per cent Braid holding behind the bid in the closing minutes of the offer period. Avondene had previously indicated it would be supporting the Braid board in rejecting Lookers' advances.

Prior to this move, Lookers had resigned itself to accepting that it would gain only a large minority holding in Braid this time and would have to try again after the 12-month pause required by the City's takeover and merger code.

Lookers announced that by the close of the offer it had received acceptances in respect of 1,948,435 ordinary shares, equivalent to 32.5 per cent of the Braid equity.

Following the purchase yesterday of a further 19,196 Braid shares by Lookers' subsidiary Bolling Investments, the company owned a further 2,599,196 shares or 43.3 per cent of the equity. It held 21.1 per cent of the shares before its offer and had bought 22.2 per cent since.

Acceptances were also gained from holders of 146,055 preference shares, representing 73 per cent of the preference capital.

Lookers launched a full bid for its Liverpool-based rival Braid on May 20. This was worth 50p per share and put a value of £3.1m on the company. It raised its offer to £3.58m or 58p per share on July 1.

A week later, Lookers took the unusual step of advising shareholders who had accepted its offer to withdraw their acceptances and sell their shares in the market, since this was the only way they could be guaranteed a price anywhere near 58p. But yesterday Avondene apparently took the view that the large minority holding already acquired would give Lookers such a strong position that it made more sense to support the bid.

Samuel Montagu, which has been advising Braid, said it "deeply regretted" the failure of the Braid defence. Braid recommended shareholders who had not already done so to sell their holdings or accept the offer, which has been extended until further notice.

## MK pays £6m for Chloride Gent

MK Electric Group announced yesterday that it had completed an agreement with Chloride Group for the acquisition of Chloride Gent, a wholly owned subsidiary of Chloride. The purchase price is £6.25m in cash.

Gent produces fire-alarm equipment and systems and manufactures other electrical products, including commercial and industrial clocks and call systems. It has three factories in the Leicester area employing a total of 560 people.

The company's operating profit before tax for the year ended March 31 1982 was £965,000 after adding back parent company management charges and technical aid fees, on sales of £10.5m. Net assets acquired will be at least £2.0m.

MK Group operating companies' activities include manufacture of electrical and electronic wiring accessories, circuit protection equipment, plastic conduit and trunking systems, and plastic moulding. The activities of Gent are seen as complementary to MK's existing operations in the electrical installation equipment field.

It is intended that the business of Gent will be developed as a separate operating company alongside the existing principal subsidiaries, MK Electric, Ega, MK Switchgear, Insulators and Superswitch Electrical Appliances.

MK has given Chloride assurances regarding Gent employees' interests, including pension rights. The name of the company will be changed from Chloride Gent to Gent, and the existing management will remain in place. Mr Jo Rawicz-Szczerbo and Mr Eric Race, MK directors, will also join the Gent board.

Mr David Robertson, chairman of MK, said: "In my statement in the report and accounts for 1982 I said that we were actively considering expansion by acquisition and were looking at a number of specific opportunities. For some time now we have been researching growth opportunities both in the UK and overseas to complement our existing businesses and had identified the fire detection and security markets, among others, as areas of activity that would constitute logical and profitable extensions of our interests."

### SERVOTOMIC

Servotomic, a subsidiary of Société Générale de Belgique, has acquired the capital of Medway Windows, a company which manufactures, sells and installs aluminium windows.

Mr Steve Howes, founder of Medway Windows, will remain as managing director of that company, which will be a separate subsidiary incorporated into the Servotomic group.

Mr John Davis, managing director of Servotomic, says: "This acquisition will push the company's turnover to over £30m in the current year. It will also give us a sound and wider base on which to continue the rapid growth we have enjoyed over recent years in the massive home improvement market."

Servowarm, manufactured by Servotomic, is a widely distributed gas central heating system and there are over 300,000 installed by Servowarm in British homes.

### EXECUTIVE INTL. AQUISITIONS

Executive International has acquired Regent Laboratories of North Acton, NW10 and the Wigglesworth Proprietary Products Division of Willows Francis, based in Westhoughton, Lancashire.

The change of ownership will not affect Regent's present business in producing and marketing generic pharmaceuticals and offering contract manufacturing services to the pharmaceutical industry.

Distribution and marketing of Wigglesworth products will in due course be transferred to Regent Laboratories' headquarters.

### ALFRED WALKER

AN OFFER on behalf of Messrs J. M. Donachie and L. R. Peralta for Alfred Walker has been accepted on account of 631,071 shares (approximately 36.1 per cent of the capital).

Prior to the offer period, offerors owned 525,000 shares (30 per cent). The offer closed on July 27, 1982.

Brown Shipley will purchase or procure purchasers, who will be unconnected with offerors, for all shares in respect of which acceptances are received.

## Comfort selling London hotels

Comfort Hotels International (CHI) has agreed the sale of four of its 13 London hotels to the privately-owned Routestone group for £5.62m cash.

As part of the transaction announced yesterday, Comfort will pay £880,000 for "an exclusive London residence." It will lease this property to Routestone for three years.

This purchase will be funded by £380,000 in cash and the balance in CHI shares, equivalent to about 5 per cent of its equity.

Comfort, which is headed by former Grand Metropolitan director Mr Harry Edwards, said the sale of the four hotels was in keeping with its strategy to concentrate on more cost-effective larger hotels.

The hotels involved are the 110-room Henry VIII, the 70-room Curzon, the 83-room Rathbone and the 90-room Harewood. The Henry VIII and the Curzon will be leased back to Comfort for 20 years.

The sale price is equal to 90 per cent of the hotels' book value, Comfort said. A circular will be sent to Comfort's shareholders shortly.

These sales are a rationalisation of the City Hotel chain which was acquired by Comfort three years ago, Mr Edwards said.

The Routestone group is jointly owned by the Gomba and Virani groups, which are both controlled by Asian businessmen. Gomba is owned by Mr Abdul Shamji while the Virani group is controlled by Mr Nazmudin Virani.

## Oliver Jessel in bid to oust JFB chairman

Mr Oliver Jessel, a former chairman of Johnson and Firth Brown (JFB), is seeking shareholder support for an attempt to remove the chairman and another director of the troubled steel company.

Mr Jessel, who was chairman of JFB in the early 1970s, yesterday sent out copies of a notice requisitioning an extraordinary general meeting. This would consider motions calling for the removal of Mr John Clay, the chairman, and Dr Donald Hardwick, another director.

After criticising JFB's policy of concentrating increasingly on the steel sector, Mr Jessel called in May for the creation of a new supervisory board, although the present management were to retain their position.

Mr Jessel said in his latest letter that he had previously baulked at attempting to remove any individual, but he now believed the two men were the key directors convinced that special steels should be given over-riding priority.

"They believe this as firmly and as honourably as others believed that the world is flat," he said.

Shareholders with 10 per cent of the voting capital must support Mr Jessel for the convening of an EGM.

JFB reported a pre-tax loss of £3.95m in the six months ended March 31 on turnover of £91.7m. This compared with a loss of £2.88m and turnover of £117.8m in the corresponding period.

## Yearlings total £14.35m

Yearling bonds totalling £14.35m at 12 per cent redeemable on August 3 1983 have been issued this week by the following local authorities.

East Yorkshire BC £0.5m; Hackney (London Borough of) £1m; Inverclyde DC £1m; St Helens Metropolitan BC £0.5m; Derwentside DC £0.5m; Rushcliffe BC £0.5m; South Buckinghamshire DC £0.25m; South Tyneside (Borough of) £0.75m; Wigan (Metropolitan Borough of) £1m; Ynys Mons Isle of Anglesey BC £0.5m; Taunton Deane BC £0.5m; Ealing (London Borough of) £1m; Grampian RC £1m; Lincoln (City of) £0.25m; Brentwood DC £0.25m; Congleton BC £0.35m; Trafford (Borough of) £0.25m; Walsall Metropolitan BC £0.5m; Newcastle upon Tyne (City of) £0.5m; Newport BC £1m; Southwark (London Borough of) £2m; Woodspring DC £0.35m.

## LONDON TRADED OPTIONS

July 28 Total Contracts 2,522 Calls 2,082 Puts 440

| Option | Ex'rcise price | July Closing offer | July Vol. | Oct. Closing offer | Oct. Vol. | Jan. Closing offer | Jan. Vol. | Equity close |
|---|---|---|---|---|---|---|---|---|
| BP (c) | 260 | 8 | 12 | 26 | — | 34 | — | 268p |
| BP (c) | 280 | ½ | — | 14 | 21 | 24 | — | " |
| BP (c) | 300 | ½ | 2 | 8 | 180 | 15 | 30 | " |
| BP (c) | 330 | ½ | — | 3 | — | 7 | — | " |
| BP (p) | 280 | 13 | 23 | 22 | 1 | 22 | 2 | " |
| BP (p) | 300 | 34 | — | 33 | — | 42 | — | " |
| BP (p) | 330 | 64 | 5 | 66 | — | 68 | — | " |
| CU (c) | 130 | 11 | 15 | 19 | — | 21 | — | 141p |
| CU (c) | 140 | 1 | 76 | 12 | 16 | 15 | 3 | " |
| CU (c) | 160 | ½ | — | 5 | 100 | 8 | 4 | " |
| Cons. Gld (c) | 330 | 70 | — | 77 | — | 85 | — | 398p |
| Cons. Gld (c) | 360 | 40 | — | 50 | — | 60 | — | " |
| Cons. Gld (c) | 390 | 10 | 6 | 27 | 14 | 37 | — | " |
| Cons. Gld (c) | 420 | 1½ | — | 10 | 18 | 20 | 6 | " |
| Cons. Gld (c) | 460 | 1 | — | 6 | 1 | — | — | " |
| Cons. Gld (p) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| Ctlds (c) | 70 | 13 | 44 | [illegible] | [illegible] | 22 | [illegible] | 82p |
| Ctlds (c) | 80 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| Ctlds (c) | 90 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| Ctlds (c) | 100 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| GEC (c) | 900 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 911p |
| GEC (c) | 950 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| GEC (c) | 1000 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| GEC (c) | 1100 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| GEC (p) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| Gr'd Met. (c) | 194 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 251p |
| Gr'd Met. (c/p) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| ICI (c) | 280 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 304p |
| ICI (c/p) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| Land Sec. (c) | 260 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 290p |
| Land Sec. (c) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| Mks & Sp. (c) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 169p |
| Shell (c) | 330 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 392p |
| Shell (c/p) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |

| Option | Ex'rcise price | August Closing offer | August Vol. | November Closing offer | November Vol. | February Closing offer | February Vol. | Equity close |
|---|---|---|---|---|---|---|---|---|
| Barclays (c) | 390 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 422p |
| Barclays (c/p) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| Imperial (c/p) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 98p |
| Lasmo (c/p) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 298p |
| Lonrho (c/p) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 86p |
| P & O (c/p) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 156p |
| Racal (c/p) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 490p |
| RTZ (c/p) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 404p |
| Vaal Rfs. (c/p) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 84$ |

C=Call P=Put

## EUROPEAN OPTIONS EXCHANGE

| Series | Aug. Vol. | Aug. Last | Nov. Vol. | Nov. Last | Feb. Vol. | Feb. Last | Stock |
|---|---|---|---|---|---|---|---|
| GOLD C $300 | 95 | 48 | 38 | 58 | — | 70 B | $347.25 |
| GOLD C $325 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| GOLD C $350 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| GOLD C $375 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| GOLD C $400 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| GOLD P $300 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| GOLD P $325 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| GOLD P $350 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| GOLD P $375 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | " |
| 12¼ NL 81 87-01 C/P | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | F.119.70 |
| 10¼ NL 80 86-95 C | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | F.101.60 |
| 11¼ NL 82 88-92 C | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | F.103.40 |
| ABN C/P | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | F.270.50 |
| AKZO C/P | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | F.24.80 |
| AMRO C/P | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | F.42.90 |
| HEIN C/P | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | F.60.50 |
| HOOG P | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | F.14.80 |
| KLM C/P | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | F.84 |
| NEDL C/P | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | F.110.50 |
| NATN C | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | F.118.30 |
| PHIL C/P | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | F.24.80 |
| RD C/P | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | F.86.20 |
| UNIL C/P | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | F.161.50 |
| SIEM C DM.220 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | DM.211.80 |

TOTAL VOLUME IN CONTRACTS 2661
A=Asked B=Bid C=Call P=Put

## BASE LENDING RATES

| | | | |
|---|---|---|---|
| A.B.N. Bank | 12 % | Grindlays Bank | ‡12 % |
| Allied Irish Bank | 12 % | ■ Guinness Mahon | 12 % |
| Amro Bank | 12 % | ■ Hambros Bank | 12 % |
| Henry Ansbacher | 12 % | Hargrave Secs. Ltd. | 12 % |
| Arbuthnot Latham | 12 % | Heritable & Gen. Trust | 12 % |
| Associates Cap. Corp. | 12 % | ■ Hill Samuel | §12 % |
| Banco de Bilbao | 12 % | C. Hoare & Co. | †12 % |
| BCCI | 12 % | Hongkong & Shanghai | 12 % |
| Bank Hapoalim BM | 12 % | Kingsnorth Trust Ltd. | 13 % |
| Bank of Ireland | 12 % | Knowsley & Co. Ltd. | 12½% |
| Bank Leumi (UK) plc | 12 % | Lloyds Bank | 12 % |
| Bank of Cyprus | 12 % | Mallinhall Limited | 12 % |
| Bank Street Sec. Ltd. | 13¼% | Edward Manson & Co. | 13½% |
| Bank of N.S.W. | 12 % | Midland Bank | 12 % |
| Banque Belge Ltd. | 12 % | ■ Samuel Montagu | 12 % |
| Banque du Rhone | 12½% | ■ Morgan Grenfell | 12 % |
| Barclays Bank | 12 % | National Westminster | 12 % |
| Beneficial Trust Ltd. | 13 % | Norwich General Trust | 12 % |
| Bremar Holdings Ltd. | 13 % | P. S. Refson & Co. | 12 % |
| Brit. Bank of Mid. East | 12 % | Roxburghe Guarantee | 12½% |
| ■ Brown Shipley | 12 % | Slavenburg's Bank | 12 % |
| Canada Perm't Trust | 12½% | Standard Chartered | 12 % |
| Castle Court Trust Ltd. | 12½% | Trade Dev. Bank | 12 % |
| Cavendish G'ty T'st Ltd. | 13 % | Trustee Savings Bank | 12 % |
| Cayzer Ltd. | 12 % | TCB | 12 % |
| Cedar Holdings | 13 % | United Bank of Kuwait | 12 % |
| ■ Charterhouse Japhet | 12 % | Volkskas Intl. Ltd. | 12 % |
| Choulartons | 13 % | Whiteaway Laidlaw | 12½% |
| Citibank Savings | ¶12 % | Williams & Glyn's | 12 % |
| Clydesdale Bank | 12 % | Wintrust Secs. Ltd. | 12 % |
| C. E. Coates | 12½% | Yorkshire Bank | 12 % |
| Comm. Bk. of Nr. East | 12 % | | |
| Consolidated Credits | 12½% | | |
| Co-operative Bank | *12 % | | |
| Corinthian Secs. | 12 % | | |
| The Cyprus Popular Bk. | 12 % | | |
| Duncan Lawrie | 12 % | | |
| Eagil Trust | 12 % | | |
| E.T. Trust | 12 % | | |
| Exeter Trust Ltd. | 13 % | | |
| First Nat. Fin. Corp. | 15 % | | |
| First Nat. Secs. Ltd. | 15 % | | |
| Robert Fraser | 13 % | | |

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%, 1-month 9.25%. Short term £8,000/12 month 11.8%.
† 7-day deposits on sums of: under £10,000 9%, £10,000 up to £50,000 9¾%, £50,000 and over 10¼%.
‡ Call deposits £1,000 and over 9%.
§ 21-day deposits over £1,000 10%.
¶ Demand deposits 9%.
¶ Mortgage base rate.

# Sherritt Gordon lifts earnings

BY KENNETH MARSTON, MINING EDITOR

CANADA'S Sherritt Gordon Mines can claim the rare distinction of heing a natural resource company not only to make a net profit in the second quarter of this year but also to achieve an increase on that earned for the previous three months.

The secret lies in a strong season for the company's fertiliser prodncts, revenue from which has offset the effects of the continued weak conditons ln the market for lts metals.

As a result second qnarter earnings hava risen to C$3.9m (£1.75m) making a total of C$4.4m for the first half of the year after preferred dividends. This compares with C$5.8m earned a year ago when there were no preferred dividends payable.

Sherritt is not planning to continue lts shutdown of base metal operations in Manitoba beyond the planned date of October 3. This is because the closure would otherwise be considered permanent under Manitoba law with the result that the company would become llable for employees' severance payments.

On the other hand, second-quarter results of Noranda's Brunswick Mining and Smelting follow the general depressing pattern. They ahow a loss of C$2.1m, which whittles down the first-quarter profit to leave a half-year net profit of only C$0.8m, compared with a profit of C$20.3m earned in tha same period of last year.

John Soganich reports from Toronto that Brunswick is closely monitoring its costs. A freeze has been put on salaries and the hiring of new employees, capital projects are being deferred so far as possible and only essential new projects will be started.

The capital cost of the proposed zinc reduction plant has beeo revised to C$367m from C$390m. It will he shared as to two-thirds by Brunswick and one-third by Heath Steele Mines, another Noranda company. There is now some doubt as to whether tha start of construction will be next month as had been hoped.

# A news timetable from Australia

OVER the next few weeks major Australian mining companies will be announcing results either for the full financial year to June 30 or for the six months ended on that date. They are unlikely to make encouraging reading, as Michael Thompson-Noel reports from Sydney.

The provisional timetable, accompanied by comments is as follows:

August 3: Full year results from Western Mining Corporation which has already cut its interim dividend to 1.5 cents from 7 cents following a fall in first-half earnings to A$6.5m (£3.7m) from A$33.2m. The directors then warned that "profitability is expected to remain at a low level for the remainder of the year."

August 12: This should bring half-year results from Comalco, Australia's second largest integrated aluminium group. They will probably follow the trend which has already reduced 1981 earnings to A$28.4m from A$75.2m in the previous year.

August 18: Half year results from Bougainville will be helped by the increased production of copper and gold during the period. But this Rio Tinto-Zinc group operation in Papua New Guinea has already forecast that total production for 1982 is still expected to be lower than in 1981. Full year results are thus expected to be well down on those for last year which showed a profit of K22.8m (£17.5m) compared with a profit of K71.5m in 1980.

August 19: Full year results of Energy Resources of Australia (ERA) should show a good profit in view of the fact that the company made its first export shipment of uranium from the Ranger project last December.

August 23: Mary Kathleen Uranium. First half 1982 earnings are likely to show an upturn from the previous six months thanks to improved production coupled with exchange gains on export sales. Now exhausting ore reserves, the mine is to be closed towards the end of this year. The company is expected to be wound up after it has fulfilled sales commitments and rehabilitated its land.

August 24: Full year results from EZ Industries. Its Tasmanian zinc operation is currently a loss-maker owing to industrial disputes, rising costs and lower metal prices. The operating profit for the 28 weeks to January 13 fell to A$5.6m from A$9.7m in the same period of the previous year.

August 30: Peko-Wallsend will be reporting half-year results. Like EZ Industries, the company has a 30.5 per cent stake in ERA which will help matters, but a further loss seems to be on the cards. The company lost A$73.7m in the first half, mainly as a result of the closure of the Tennant Creek copper smelter Gecko mine in the Northern Territory.

# Littlewoods raises profits marginally at year end

PRE-TAX profits of Littlewoods Organisation rose marginally from £11.5m to £12.5m in 1981. This was despite severe pressure on retail profit margins due to depressed consumer spending and intense competition, say the directors.

Mail order retail sales were down from £673m to £655m, although sales at chain stores rose slightly from £390m to £395m, leaving group retail profit including interest payments down from £28.3m to £21m.

Non-retail profits were ahead at £9.1m (£6m), the settlement of several tax cases in the company's favour and sales of properties gave a credit of £14.2m (£1.8m) under tax and extraordinary items, and the cost of the dividend is the same at £1.7m. A total of £25m (£11.6m) was reinvested in the company.

Mr John Clement, the chairman since the retirement in March this year of the founder, Sir John Moores, said: "It was another tough year for Littlewoods. However, we have kept a tight grip on costs, reduced our borrowing significantly, and have begun a number of schemes which will further streamline both retail divisions."

In the mail order division the rationalisation of office sites, begun in 1981, is nearing completion, and a £15.5m warehouse mechanisation project is due to start this autumn. A regional distribution network for the chain stores, with a purpose-built warehouse for Scotland, has been completed, and point-of-sale data-capture equipment is being introduced in all stores.

Mr Clement says he is confident that there is still potential for a return to profitable growth in the company and all efforts will be directed towards this aim.

## BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Imperial Chemical Industries, John I. Jacobs, Plastic Constructions, Portsmouth and Sunderland Newspapers, F. Pratt Engineering, Prestige, River and Mercantile Trust, River Plate and General Investment Trust.

Finals: Associated Tooling Industries, Celtic Haven, Dixons Photographic, Fitch Lovell, Forminster, Jacksons Bourne End, J. Jarvis, Mid Wynd International Investment Trust, Singlo, Stavert Zigomala, Steinberg.

FUTURE DATES

| | |
|---|---|
| *Interims—* | |
| Alliance Trust | Aug 13 |
| Automated Security | July 30 |
| Borton Group | Sept 14 |
| Intnl Invest. Trust of Jersey | Aug 6 |
| *Lonrho* | Aug 5 |
| *Finals—* | |
| GT Japan Investment Trust | Sept 18 |
| Howard Tenens Services | July 30 |
| Impala Platinum | Aug 15 |
| *NMC Investments* | Aug 3 |
| Wagon Industrial | Aug 3 |



# £0.5m shortfall for Macarthys

SECOND-HALF taxable profits of Macarthys Pharmaceuticals hav dropped from £2.33m last time to £2.17m, leaving the full year figures to April 30 1982 showing a £0.51m shortfall at £4.09m. Sales, however, rose from £183.58m to £215.11m for the 12 months.

The directors report that the current year has begun well, with all divisions showing good sales increases. The company's budgets indicate that the next 12 months should produce an increase in group profits.

The final dividend is maintained at 5p net for a same-again total of 7p per 20p share. The directors explain that it is their policy to increase dividends, as profits permit, on a continuing basis, while ensuring that retentions are sufficient to fund the continuity of the business.

After tax of £1.14m (£1.22m) earnings per share were down from 25.5p to 22.2p. Extraordinary credits of £214,000 (£194,000 debits) were mainly the balance of income from the sale of businesses by Savory and Moore, after deduction of the cost of purchase of pharmacies acquired during the year.

A breakdown of pre-tax profits by activity shows (with £000s omitted):—manufacturing 492 (322), distribution 2,709 (3,665), surgical 769 (662), retailing 746 (698), veterinary 421 (339); less group management 517 (486) and staff bonus 528 (596).

The directors say the trading situation remains essentially unchanged, and the pressure on margins in distribution functions continues to be very severe. Although they do not think this position is likely to alter in the near future, they say it is clear that as a group, an adequate level of profits can be achieved.

## ● comment

Macarthys has to thank its 20 per cent rise in non-wholesaling profits for keeping the overall performance in reasonable touch with the peak reached last year. Considering that net margins in the pharmaceutical wholesaling husinass werc approximately halved in the course of a discount war, it says much for Macarthys' position in the market that it was able to recoup so much of the potential damage in higher sales. It will not be so easy to recover the margins, however, even though further computerisation could make a difference to the structure of costs over a year or two. After Sangers' withdrawal from the market (other than in Northern Ireland) Macarthys is the nearest thing to a pure wholesaling share, although that activity is now generating only about half its profits. Macarthys is certainly a prime gainer by the withdrawal, directly through acquisition of Sangers' depots in the sonth west, indirectly in other areas. At 175p the shares yield just under 6 per cent, taking a fairly relaxed view of the prospects after a predictable setback.

● JEREMY STONE LOOKS AT UK DRUG WHOLESALING

# A price war that does not follow textbooks

TO ALL appearances, the UK's wholesale market in pharmaceutical products has long been a classic case of oligopoly. When one of the top fiva wholesalers—Sangers—recently dropped ont of the game after a prolonged price war, the natural conclusion (from the textbook point of view) must have been that the remaining players could now sit back and enjoy the fruits of increased market power.

Actually, warfare does not seem to have followed the textbooks at all closely. Although the major wholesalers probably supply three-quarters of the independent chemist's shops between them, they have increasingly had to fend off aggressive competition from much smaller operators. Thus Vestric, a subsidiary of the drug manufacturer Glaxo, has been fighting with Unichem, a retail pharmacists' co-operative, for the largest share of the national market. Each has about 21 per cent. Bnt not even Vestric, which used to be the undisputed number one, has been a competitive price-leader.

Indeed, for many years the market leaders enjoyed the protection of resale price maintenance, based on an argument that the provision of a service—in this case the quick supply of unusual drugs from stock—outweighed the competitive case against price-fixing. So the pnblic interest was considered to be well looked after hy a rather comfortable arrangement which had tha incidental effect of giving fat margins to the wholesalers.

However, the number of retail outlets was falling rapidly, sharpening competition among wholesalers to sell to those which remained. "Sweetheart deals"—under the counter inducements to chemiats to switch wholesalers—became a common weapon for the smaller local operators, to whom the loss of individual outlets was immediately more damaging than to the majors.

Nor was the existence of such deals the whole story. Working intensively in a restricted area, it could seem worth a small operator's while to pick off the majors' delivery routes one by one, undermining the economics of a given van operation by selectively applied loss leading. Since the "service" element in pharmaceutical wholesaling depends on delivering small orders several times a day, such tactics could prove difficult to ward off; a comparatively small outlay hy the local predator might quickly persuade a major to withdraw from a marginal route.

However, it was not long before the nationals were forced to react: it is not much use having a large market share nationally if cut-throat discounting means that you are second in lots of local markets to more effective local practitioners.

Moreover, the extremely rapid growth of Unichem in the 1970s — whose cooperative status allowed it to transmit discounts to its customer-members under the guise of profit distribution—put a lot of pressure on the existing majors to compete on price. Discounts hacama universal.

This need not have damaged wholesaling profits too much, even in a period of rising costs, if drug manufacturers had not begun to scale back their own discounts to the wholesalers.

But the erosion of gross margins hy only a couple of percentage points can wreck operating results at the net level. Even an efficient performer like Macarthys has had its net margins cut ln half since the end of a brief truce early in 1981.

Sangers, by common consent a much less afficient competitor, found that the same pressure on its gross margins completely removed its ability to generate profits at the net level. A combination of backwardness in compnterisation and an already vulnerable position as "backup" wholesaler to a large proportion of its customers base proved deadly.

Two companies to have reported this week have been among the beneficiaries. Hills, which is one of the stronger northern wholesalers (and a subsidiary of AAH) has been picking up former customers of Sangers' depot at Warrington. But AAH decided that it could not justify buying its way into any of Sangers' other markets.

Macarthys did extend itself into the Sonth West, buying three branches; but lts managing director, Mr Albert Slow, said yesterday that the indirect inheritance from Sangers in other localities was having three times the effect on Macarthys' turnover.

It scarcely looks as if the shakeout has been completed. All the majors have been rationalising, having more to do in most cases. And a number of the less resolute smaller fry will probably go the way of Sangers. The majors would never abuse their position—it goes without saying—bnt just sometimes they may ask each other whether it would not he worth applying some heat to that notoriously anarchic area known in the trade as the Bournemouth Triangle.

# Former director sues Guinness Peat

Mr Anthony Whittaker, who resigned as an executive director of the Guinness Peat group last February, is suing his former employers. His solicitors, Kingsley Napley and Co., has served a writ to Guinness Peat's solicitors, Herbert Smith.

A statement issued by Kingsley Napley says, "on the third day of July 1982, statements made by Mr Alastair Morton, on behalf of the Guinness Peat Group, were published in a number of newspapers including The Times, the Guardian and the Financial Times relating to the announcement of a loss by the group of £15m which associated the name of Mr Anthony Whittaker therewith. A writ claiming damages for defamation by reason of such publication has been served on the group and Mr Morton at the instance of Mr Whittaker."

# U.S. tin stockpile talks set for next week

BY JOHN EDWARDS, COMMODITIES EDITOR

A DEPUTATION from the International Tin Council is to meet U.S. Government representatives in Washington on August 5 and 6 to seek a suspension of sales of surplus U.S. stockpile tin.

Mr Peter Lai, chairman of the Tin Council, said yesterday he was confident something could be worked out. Although the U.S. had decided not to join the new Tin Agreement, it was in favour of the Agreement's basic objectives and would not wish to undermine the efforts being made to stabilise tin prices. Mr Lai noted that although the stockpile was not selling much tin at present, the fact that it had still some 25,000 tonnes available for sale was a depressing influence that was the last straw in the present sensitive market conditions, with a surplus output of over 63,000 tonnes estimated this year.

Mr Lai said the Tin Council were still discussing whether it was possible under the terms of the Sixth Agreement to extend the borrowing power of the buffer stock beyond the present limit of 20,000 tonnes. But in any event he expected the very severe export controls imposed by the Tin Council to start "biting" soon once the present flurry of extra supplies ends to beat the forthcoming quota cuts.

Mr Lai claimed the Tin Agreement had performed reasonably well over the years in stabilising tin prices when compared with the violent fluctuations in other metals. But he admitted that other commodity pacts had faced considerable problems and lost the confidence of producing countries.

Mr Lai warned that if consumer countries continued to take a hard line on commodity agreements, producers would be tempted to form cartels even if they had little chance of success.

Meanwhile on the London Metal Exchange yesterday continued buying of cash tin, believed to be on behalf of the buffer stock, eliminated the contango (three months quotation at a premium to the cash price) and instead pushed the cash price above the three months price. Standards grade cash tin closed £107.5 a tonne higher, while three months gained £45 to £6,247.5.

Copper prices lost ground again, in spite of reports of further substantial buying by China. The buying was met by trade selling from Japanese and other sources, and higher-grade cash copper closed £11 down at £839.25 a tonne.

Encouraging the decline was the fall in gold, and other precious metals, as well as news that Noranda Mines is resuming talks with workers who have been on strike at the giant Canadian Copper Refinery for the past 13 weeks.

# EEC opens sugar export season

By Our Commodities Staff

THE EEC began its 1982-83 sugar export campaign yesterday with the release of a modest 33,750 tonnes of new crop white sugar. In view of the heavy surplus to be shifted in the coming year dealers expect weekly tender levels to reach 60,000 or 70,000 tonnes before long, but they were not surprised at yesterday's authorisation. They had anticipated that the EEC Commission would be reluctant to "open the floodgates" too abruptly.

Yesterday also saw the completion of the special series of sales to supplement the old campaign. Under this export licences were granted on 35,200 tonnes of whites.

The export rebates for the new series licences were set at a maximum level of 37.324 European currency units per 100 kilos. These will be valid between mid-September and the end of the year. The old series licences, which expire in mid-September, were granted at a maximum rebate of 35.669 ECUs. The rebate levels were also in line with market expectations.

In New Delhi, meanwhile, Indian Agriculture Minister, Mr Rao Birendra Singh, told parliament the Indian government will create a buffer stock of 500,000 tonnes of white sugar, reports Reuter.

FERTILIZERS

# Producers fight for recovery

BY A CORRESPONDENT

NOW that the 1982-83 fertiliser year has opened, West European manufacturers are taking positive steps in order to recover from the lacklustre returns of the past two to three years, particularly the UK industry.

Last year was regarded as a less than successful one for the West European producers. Fertiliser prices dropped throughout the market due to the perennial problem of too much product chasing too few markets.

In an attempt to improve the position, the industry adopted a policy of rationalisation as evidenced by Norsk Hydro's takeovers and closure of obsolete operations by other producers, in both the UK and Western Europe. Early this year Norsk Hydro, the major Norwegian hydrocarbon producer, acquired the fertiliser activities of Fisons in the UK, having assumed control of the Dutch company, NSM, last year.

Within the industry the UK has seen the beginning of sparring between ICI, Fisons (Norsk Hydro), UKF and Albright and Wilson. ICI and Fisons have both shown commitments to their position in the UK market through the announcement of parallel nitric acid projects. Nitric acid is an intermediate in the production of ammonium nitrate fertilisers.

In the case of ICI, this will enable the company to increase its domestic ammonium nitrate fertiliser capacity to almost 2m tonnes per year. This fertiliser is the main straight nitrogen, as opposed to compound or mixed, fertiliser in the UK. ICI's move is seen as a means of consolidating its position as market leader.

Meanwhile, Fisons, not to be outdone, has contracted for a replacement of an existing nitrate acid unit at its Immingham site.

Although the new unit will not boost Fison's ammonium nitrate capacity, it will undoubtedly enable the company to maintain its share of the market through a more efficient operation. Moreover, Fisons will be looking to expand its market share through the importation of straight nitrogen fertilisers and high-grade nitrogen compound fertilisers from Norway.

Similarly, UKF plans to replace its existing ammonium nitrate plant with a larger unit with a capacity of 1,500 tonnes per day of straight nitrogen fertiliser. The announcement which follows the opening of a new nitric acid plant last year, is aimed at consolidating UKF's position in the nitrogen market.

As a preliminary to the expected increase in competition in the UK fertiliser market, ICI has announced recently its prices for the new fertiliser year. These opening shots compromise a 5 per cent increase for nitrogen fertilisers, much to the disappointment of fellow producers who were expecting the market leader to announce a larger increase at a time when the UK straight nitrogen fertiliser market was expanding, unlike the phosphate and potash markets which were showing signs of contraction in the UK following years of heavy fertiliser application.

Thus ICI raised ammonium nitrate prices to almost £130 per ton. ICI is the present market leader with over 50 per cent of UK sales.

A body blow to the other producers was ICI's new price list for phosphate and potassic fertiliser. The international phosphate and potash fertiliser markets had undergone a very weak year in 1981-82 and partially in reflection of this ICI opted to reduce prices for phosphates and potash by 15 per cent and 10 per cent respectively. The net result as far as the farmers are concerned will be decreases of 5-6 per cent for low PK (phosphorous and potassium) compound fertiliser prices but a 10-15 per cent decline for high P-K compounds.

These decreases in prices, though partially attributable to lower raw material costs of phosphate rock and potash, are also viewed by the industry as a more aggressive marketing strategy by ICI. [illegible] ICI products represent about 50 per cent of the UK compound fertiliser sales. [illegible] market share gives it a position unlike its main competitors who have relatively been forced to follow ICI's lead and match prices.

The position is very similar throughout Western Europe, particularly in the German market where local producers have seen their market share reduced by an influx of imported material. In an attempt to redress the position, West German nitrogen producers will not be raising prices in the present year. In France the recently introduced price freeze will to all intents and purposes have the same effect.

In spite of the West European producers' attempts to improve their position in this year there is little doubt that the prospects for the fertiliser industry are less than rosy. The high cost West European producers will come under increasing pressure from Middle Eastern and East European suppliers.

# Florida citrus farms face tree losses

ORLANDO, Florida — Widespread damage caused by winter frost, along with disease and old age, may result in the worst citrus tree loss in Florida since the early 1970s. The losses since 1980 may be the most recorded since the two-year period ending in 1972, when 83,000 dead or seriously damaged trees were removed by grove owners, according to Jim Todd of the U.S. Crop and Livestock Reporting Service.

The agency is completing work on a six-month census of trees, and statisticians are summarising information from all of Florida's 33 citrus-growing counties to see how many citrus trees the state has and how many acres are devoted to citrus production. The tree survey is done every two years.

AP-Dow Jones.

# Decision sought on meat co-op loan scheme

BY A CORRESPONDENT

NORTH DEVON MEAT'S 5,000 farmer shareholders are being officially asked this week to provide long-term interest-free working capital for the company. The Board will send letters to shareholders on Friday proposing a 1½ per cent deduction on revenue from all livestock sales. These contributions—likely to raise between £0.5m and £1m a year—would count as share capital and would attract dividends but no interest.

The proposal is that these loan shares would be refundable at the same value after five years. The letter to shareholders asks for the scheme, to secure the long-term viability of the company, to be approved at the company's AGM on August 7. This proposal comes hard on the heels of the independent proposal from a meeting of nearly 100 shareholders in Bideford on Monday night for a 12 months revolving fund with deductions of 10 per cent of sales revenue.

Company executives say this latter scheme would be very generous but would probably be too onerous to many shareholders. However, the board is meeting the initiator of this scheme, Lt Col Pine-Coffin this Thursday. Board members are encouraged that the unanimous vote in favour of the 10 per cent deduction proposal at the Bideford meeting may lead to acceptance by shareholders of a more thorough-going funding scheme than the modest one outlined in the letters going out to board members on Friday.

# July coffee squeezed

A SHORTAGE of physical robusta coffee available for nearby delivery against short sales on the London futures market has led to a sharp increase in the premium for the July position, which expires tomorrow.

July coffee rose £66.50 yesterday to £1,350.50 a tonne, £236 above the September quotation. Two days earlier the July premium stood at only £162 a tonne.

Dealers said the low average quality of physical coffee delivered to Europe recently had further reduced tenderable supplies.

# Grain export terminal planned

BY A CORRESPONDENT

PAULS AND WHITES the agricultural group will today announce a £2m investment in a grain export terminal at Cliff Quay, Ipswich.

The terminal will handle 9,000-tonne capacity vessels at a loading weight of 500 tonnes per hour. Initially there is to be a transit silo with 11,000-tonne capacity and this quantity will be doubled when sufficient trade has been developed.

The site has been sub-let to The Grain Terminal (Ipswich) by flour millers Powell Duffryn Shipping Services. Pauls will retain 7.5 per cent of the shares and, subject to final agreement, the remainder will be taken up by the International Corn Company of Antwerp, a subsidiary of Mitsui. It will establish a trading office at Ipswich to develop export of UK grain to both EEC and other countries.

Associated British Foods originally tried to use Ipswich as part of its £30m investment in the UK cereals industry, but failed. International Corn's involvement is explained by the fact that it and Pauls share the same director.

The entire operation is due for completion by March 1983, although ships could be loaded before then. Within a full year it is planned for the terminal to handle 200,000 tonnes of UK grain.

A grant has been applied for, and EEC officials will be considering both this and an export facility at Southampton.

# Anger at Greek raisin subsidy

FRESNO, California — U.S. raisin industry leaders have demanded that the federal Government underwrite export losses caused by EEC subsidies on raisins grown in Greece.

U.S. producers could lose $45m on exports this season on top of $28m losses in the past two years.

AP-Dow Jones

# Rains avert Indian drought damage

NEW DELHI — Heavy rain in the past few days over drought-stricken parts of India has removed the threat of heavy damage to the country's Kharif (winter) crop of foodgrains, according to its agriculture ministry.

The weak progress of the South-West monsoon until the middle of July disrupted planting of rice and other Kharif foodgrains, oilseeds, including groundnuts, jute and tea in parts of 10 of the country's 22 states.

The dry spell hit all northern states as well as parts of West Bengal and Orissa, in eastern India, and Western Gujrat.

## LONDON OIL SPOT PRICES

| | Latest | Change + or — |
|---|---|---|
| CRUDE OIL—FOB ($ per barrel) | | |
| Arabian Light | 31.50-31.60 | +0.07 |
| Iranian Light | 30.50-31.00 | — |
| Arabian Heavy | 29.40-29.50 | +0.07 |
| North Sea (Forties) | 33.00-33.10 | +0.15 |
| African (Bonny L'ht) | 34.00 | +0.12 |
| PRODUCTS—North West Europe CIF ($ per tonne) | | |
| Premium gasoline | 342-345 | +1 |
| Gas oil | 272-282 | — |
| Heavy fuel oil | 169-163 | — |

## GAS OIL FUTURES

Prices were a shade steadier in lacklustre trading, reflecting the physical price. The market eased back on the close, reports Premier Man.

| Month | Yest'day's close | + or — | Business Done |
|---|---|---|---|
| | $ U.S. per tonne | | |
| July | 277.50 | +4.00 | — |
| August | 281.25 | +0.25 | 282.75-81.00 |
| Sept. | 279.50 | +0.75 | 280.50-79.00 |
| Oct. | 281.35 | +0.50 | 282.25-81.00 |
| Nov | 282.50 | +0.50 | 284.00-82.50 |
| Dec | 283.50 | — | 285.00-85.50 |
| Jan. | 285.00 | +1.00 | — |
| Feb. | 287.00 | +2.00 | — |
| March | 282.00 | +3.00 | — |

Turnover: 2,006 (2,852) lots of 100 tonnes.

## GOLD MARKETS

Gold fell $6½ an ounce from Tuesday's close in the London bullion market yesterday to finish at $346-347. The metal opened at $345½-346½ and traded between a high of $347-347½ and a low of $344¼-344¾. Gold was depressed by the firmer trend in U.S. interest rates although it showed a small upturn towards the close of business.

In Paris the 12½ kilo bar was fixed at FFr 75,500 per kilo ($345.46 per ounce) in the afternoon compared with FFr 75,500 ($346.20) in the morning and FFr 76,000 ($349.62) on Tuesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 27,200 per kilo ($347.30 per ounce) against DM 27,460 ($352.58) previously and closed at $346½-347½ from $351-352.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar was fixed at $346.50 from $352.25.

In Zurich gold finished at $345-348 compared with $351-354.

## LONDON FUTURES

| Month | Yest'rday's close | + or — | Business Done |
|---|---|---|---|
| | £ per troy ounce | | |
| August | 187.50-7.80 | -5.475 | 190.20-7.30 |
| Sept'mb'r | 198.50-9.35 | -4.525 | 199.50 |
| October | 200.50-1.00 | -5.125 | 202.80-0.50 |
| November | 202.00-3.60 | -5.125 | 203.50 |
| December | 204.00-5.00 | -2.750 | 205.75-5.30 |
| January | 205.50-7.50 | -3.000 | — |
| February | 207.00-8.30 | -3.050 | 208.50 |

Turnover: 909 (391) lots of 100 troy ounces.

| | July 28 | | July 27 | |
|---|---|---|---|---|
| Gold Bullion (fine ounce) | | | | |
| Close | $346-347 | (£198-198½) | $352¼-353¼ | (£200½-201) |
| Opening | $345½-346½ | (£197-197½) | $353-354 | (£201-201½) |
| Morning fixing | $345.75 | (£197.290) | $351.50 | (£200.068) |
| Afternoon fixing | $347 | (£198.455) | $351.25 | (£200.199) |

| Gold Coins July 28 | | | | | |
|---|---|---|---|---|---|
| Krugrnd | $354½-355½ | (£203½-204) | King Sov | $88-90 | (£50-50½) |
| ½ Krug | $182½-183½ | (£104½-105½) | Victoria Sov. | $88-90 | (£50-50½) |
| ¼ Krug | $93-94 | (£53½-54) | French 20s | $75-77½ | (£43-44½) |
| 1/10 Krug | $38-32 | (£21½-22½) | 50 pesos Mex. | $423-426 | (£242½-244½) |
| Mapleleaf | $354½-355½ | (£203½-204) | 100 Cor. Aust | $335-340 | (£192½-195) |
| New Sov | $82-82½ | (£47-47½) | $20 Eagles | $380-400 | (£223½-229½) |







# BRITISH COMMODITY MARKET

## BASE METALS

BASE METAL prices lost further ground on the London Metal Exchange, although the declines were limited in the case of copper and zinc by influential buying. Copper traded in good volume, before closing at £856, while Zinc was finally £413.5. Lead £314 and Aluminium £564. Tin was hit by nervous selling before closing at £8,285, with the Contango disappearing and being replaced by a Backwardation of £10 to £15. Nickel had a steady day, helped by the technical tightness which became evident, and closed at £2,815 where the Backwardation had narrowed to £30 to £45.

| COPPER | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| HighGrade | | | | |
| Cash | 838-.5 | -8.5 | 839-.5 | -11 |
| 3 mths | 854-.5 | -9.25 | 855-6 | -11 |
| Settlem't | 838.5 | -8.5 | — | ...... |
| Cathodes | | | | |
| Cash | 817.5-8.5 | -10.5 | 818.5-9 | -12.2 |
| 3 months | 846-7 | -12.7 | 838-.5 | -10.2 |
| Settlem't | 857-8 | -9 | — | ...... |
| U.S. Prod. | — | — | *70-75 | ...... |

Amalgamated Metal Trading reported that in the morning high-grade cash copper traded at £837.50, 38.00, 38.50, 39.00. Three months £863.00, 53.50, 54.00, 54.50, 54.00, 53.50, 55.00, 54.00, 54.50, 55.00. Cathodes, cash £818.50, 18.00. Three months £837.50. Kerb: Higher grade, three months £855.00, 54.50, 55.00, 56.00, 57.00. Afternoon: Higher grade, three months £858.00, 59.00, 58.50, 59.00, 60.00, 57.00, 58.00, 57.00, 56.50, 55.00, 55.50, 56.00. Cathodes, cash £818.50. Three months £838.00. Kerb: Higher grade, three months £853.00, 55.50, 56.00, 55.50, 55.00, 55.50, 56.00, 56.50, 57.00. Turnover: 28,575 tonnes.

| TIN | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| High Grade | £ | £ | £ | £ |
| Cash | 6270-80 | +60 | 6305-15 | +112 |
| 3 months | 6195-210 | -20 | 5225-310 | +50 |
| Settlem't | 5680 | +60 | — | ...... |
| Standard | | | | |
| Cash | 5185-205 | -15 | 6300-10 | +107 |
| 3 months | 5185-205 | -92.5 | 5295-300 | +45 |
| Settlem't | 8205 | -15 | — | ...... |
| Straits E. | :529.15 | — | — | ...... |
| NewYork | — | ...... | — | ...... |

Tin—Morning: Standard, cash £6,190, 6,200. Three months £6,100, 70, 60, 65, 90, 95. [illegible] Higher grade, three months [illegible]. Afternoon: Standard, cash £6,275, 6,300. [illegible] 6,300. Kerb: Standard, three months £6,290, [illegible]. Turnover: 3,580 tonnes.

| LEAD | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 300-1 | -6.5 | 305-6 | -1 |
| 3 months | 311-.5 | -7.75 | 313-.5 | -5 |
| Settlem't | 301 | -6.5 | — | ...... |
| U.S. Spot | — | ...... | *26-8 | ...... |

Lead—Morning: Three months £311.00, 11.50, 12.00, 12.50, 12.00, 11.00, 11.50. Kerb: Three months £311.00, 11.50, 12.00. Afternoon: Three months £313.00, 13.50. Kerb: Three months £313.00, 13.50. Turnover: 10,550 tonnes.

| ZINC | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 403.5-4.5 | -8.5 | 403-4 | -7.25 |
| 3 months | 411-.5 | -8.5 | 411-.5 | -7.75 |
| S'ment | 404.5 | -8.5 | — | ...... |
| Primw'ts | — | ...... | 37-40.5 | ...... |

Zinc—Morning: Three months £412.00, 11.50, 11.00, 12.00, 11.00, 11.50. Kerb: £411.00, 12.00. Afternoon: Three months £412.50, 12.00, 13.00, 12.50, 11.50. Kerb: Three months £411.00, 11.50, 12.00, 11.50, 12.00, 13.00. Turnover: 9,300 tonnes.

| Aluminium | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Spot | 545.5-6 | -8 | 542-.5 | -10 |
| 3 months | 563.5-4 | -9.25 | 562-.5 | -10 |

Aluminium—Morning: Cash £544.00. Three months £560.00, 59.00, 60.00, 61.00, 62.00, 62.50, 61.50, 61.00, 62.50, 63.00, 63.50, 64.00, 64.50. Kerb: Three months £564.00, 64.00, 65.00. Afternoon: Three months £566.00, 64.00, 63.00, 62.00. Kerb: [illegible]

| NICKEL | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| Spot | 2800-50 | +62.5 | 2850-70 | +72.5 |
| 3 months | 2775-80 | +5 | 2800-5 | +10 |

Three months £562.00, 63.00, 63.50, 64.00, 64.50. Turnover: 13,300 tonnes.

Nickel — Morning: Three months £2,775. Afternoon: Three months £2,790, 2,800, 05, 10. Kerb: Three months £2,815. Turnover: 1,020 tonnes.

* Cents per pound. ‡ MS per kilo. † On previous unofficial close.

## SILVER

Silver was fixed 10.35p an ounce lower for spot delivery in the London bullion market yesterday at 400.6p. U.S. cent equivalents of the fixing levels were: spot 698c, down 22c; three-month 721.5c, down 22.1c; six-month 744.7c, down 22.7c; and 12-month 785.5c, down 24.6c. The metal opened at 401-404p (704-706c) and closed at 404-407p (707-711c).

| SILVER per troy oz. | Bullion fixing price | + or — | L.M.E. p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| Spot | 400.60p | -10.5 | 394.5p | -16.7 |
| 3 months | 418.08p | -10.4 | 406.25p | -19 |
| 6 months | 432.15p | -10.0 | — | ...... |
| 12months | 440.75p | -11.7 | — | ...... |

LME—Turnover 106 (122) lots of 10,000 ozs. Morning: Three months 412.0, 11.5, 10.5. Kerb: Three months 411.0, 11.5. Afternoon: Three months 415.5, 07.0, 07.5, 07.0. Kerb: Three months 407.5, 09.0, 08.5, 08.0, 08.5.

## COCOA

Futures remained steady within a narrow range as trade support reflected improved offtake among consumers. Producers on the other hand remained above current levels, reports Gill and Duffus.

| COCOA | Yesterday's Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| July | 846-48 | +1.0 | 851-46 |
| Sept. | 878-79 | +7.0 | 885-74 |
| Dec | 918-19 | +5.0 | 995-15 |
| March | 953-54 | +6.0 | 960-50 |
| May | 973-74 | +4.5 | 978-70 |
| July | 893-95 | +5.0 | 895-93 |
| Sept. | 1015-17 | +5.5 | 1015 |

Sales: 2,115 (2,383) lots of 10 tonnes.

ICCO—Daily price for July 28: 69.74 (69.65). Indicator price for July 28: 70.68 (70.89).

## COFFEE

Lowest prices of recent weeks followed the expected break of chart support areas after lower opening, reports Drexel Burnham Lambert. A strong New York opening prompted heavy short-covering and prices rallied.

| COFFEE | Yest'day's close | + or — | Business Done |
|---|---|---|---|
| July | 1350.51 | +66.5 | 1360-84 |
| Sept | 1114-16 | +10.6 | 1115-85 |
| Nov | 1013-14 | +10.0 | 1015-95 |
| January | 977-78 | +10.0 | 982-65 |
| March | 947-50 | +10.0 | 947-36 |
| May | 919-28 | +4.0 | 214-07 |
| July | 910-15 | -1.0 | 915-99 |

Sales: 3,560 (3,887) lots of 5 tonnes.

ICO Indicator prices for July 27: (U.S. cents per pound): Comp. daily 1979 113.02 (114.81): 15-day average 115.43 (115.79).

## GRAINS

The market opened slightly higher. Good all round buying on wheat and barley maintained the recent upward trend, Acli reports.

| WHEAT Mnth | Yesterd'ys close | + or — | BARLEY Yest'rd'ys close | + or — |
|---|---|---|---|---|
| Sept | 110.35 | +0.20 | 105.95 | +0.45 |
| Nov | 114.00 | +0.20 | 109.20 | +0.50 |
| Jan | 117.65 | +0.15 | 113.05 | +0.50 |
| Mar | 120.85 | +0.15 | 116.05 | +0.35 |
| May | 124.30 | +0.15 | 119.85 | +0.25 |

Business done—Wheat: Sept 110.35-110.30, Nov 114.00-113.95, Jan 117.80-117.60, March 121.00-120.90, May 124.46-124.25. Sales: 139 lots of 100 tonnes. Barley: Sept 105.95-105.75, Nov 109.30-109.05, Jan 113.05-112.70, March 116.05-115.90, May 119.85-119.60. Sales: 232 lots of 100 tonnes.

HGCA — Locational ex-farm spot prices. Feed barley: E Mids 98.80, N East 98.30, Scotland 101.30. The UK Monetary Coefficient for the week beginning Monday July 26 is expected to remain unchanged, but MCAs will increase from August 1 in line with support prices.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1 14 per cent Sept 110.25, Oct 110.75, Nov 113.25 transhipment East Coast sellers. English Feed fob Sept 114, Oct 115 sellers East Coast, 1st half Aug 112 paid South Coast. Maize: French Aug 136 transhipment East Coast sellers. S. African White/Yellow Aug/Sept 89.00 seller. Barley: English Feed fob Sept 108.75 East Coast Oct/Dec 113 East Coast sellers, spot 104.50 paid Kings Lynn. Rest unquoted.

## RUBBER

The London physical market opened unchanged, attracted little interest throughout the day and closed dull. Lewis and Peat recorded an August fob price for No. 1 RSS in Kuala Lumpur of 198.25 (same) cents a kg and SMR 20 171.5 (same).

| No. 1 R.S.S. | Yest'r'ys close | Previous close | Business Done |
|---|---|---|---|
| Sept | 50.70-51.10 | 49.00-51.00 | 51.00 |
| Oct | 51.60-52.10 | 50.70-51.50 | — |
| Oct-Dec | 52.40-52.50 | 51.90-52.00 | 52.60-51.90 |
| Jan-Mar | 54.00-54.00 | 54.00-54.70 | 55.10-54.50 |
| Apl-Jne | 57.50-57.60 | 57.50-57.50 | 57.70-57.30 |
| Jly-Sept | 59.20-59.30 | 60.10-60.50 | 00.50-60.50 |
| Oct-Dec | 62.90-65.00 | 62.70-62.90 | 65.10 |
| J'n-Mch | 65.20-65.50 | 65.00-65.25 | — |
| Apl-Jne | 67.75-68.25 | 67.70-68.00 | — |

Sales: 127 (57) lots of 15 tonnes 15 (nil) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 49.25p (45.75p); Sept 51.25p (51.0p); Oct 51.50p (51.25p).

## SOYABEAN MEAL

The market opened slightly easier in quiet conditions, reports T. G. Roddick. Prices remained under pressure on mixed selling.

| | Yesterdys Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| August | 121.10-21.5 | -2.70 | 122.00 |
| October | 125.50-25.5 | -0.90 | 125.50-25.50 |
| Dec. | 129.50-29.7 | -0.70 | 129.50-29.50 |
| Feb. | 132.50-32.0 | -1.00 | — |
| April | 132.00-32.7 | -1.00 | — |
| June | 132.50-34.5 | -0.50 | — |
| August | 135.50-37.0 | -0.25 | — |

Sales: 188 (88) lots of 100 tonnes.

SOYABEAN OIL—After an unchanged opening prices eased on trade selling in dull conditions. Closing prices and business done (U.S. $ per tonne): Aug 475, 486, 480; Oct 474.5, 476, 479; [illegible] 478.6, 479.5; Feb [illegible] 487, unquoted; [illegible] 480, 505, untraded; Aug [illegible]. Sales: 46 (83) lots of 25 tonnes.

## SUGAR

LONDON DAILY PRICE—Raw sugar £103.00 (£106.00) a tonne cif July-Aug-Sept shipment. White sugar daily price £128.00 (same).

Prices again drifted in dull trading conditions, reports C. Czarnikow.

| No. 4 Con-tract | Yesterday close | Previous close | Business done |
|---|---|---|---|
| | £ per tonne | | |
| Aug | [illegible] | [illegible] | [illegible] |
| Oct | [illegible] | [illegible] | [illegible] |
| Jan | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] |
| Aug | [illegible] | [illegible] | [illegible] |
| Oct | [illegible] | [illegible] | [illegible] |

Sales: 4,170 (3,182) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £406.50 (same) a tonne for home trade and £208.00 (£211.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean ports). Prices for July 27: Daily price 7.28 (7.41); 15-day average 7.95 (8.01).

## WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Aug 381, 370, 382-381; Oct 385, 390, 381-360; Dec 388, 402, 400-389; Jan 400, 404, 405, 407; March 412, 416, 412; May 424, 427, 425; Aug 432, 435, 434; Oct 434, 435, 434; Dec 433, 440, untraded; Jan 440, 445, untraded. Sales: 46 (83). [illegible]

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Oct 518, 520.0, 519.0-518.5; Dec 520, 522.0, 523.0; March 530, 530.0, 530.0, untraded; May 537, 538.0, 538.0, untraded; July 543.0, 545.0, 544.0; Oct 533.0, 535.0, untraded; Dec 538.0, 541.0, untraded. Sales: 24.

## COTTON

LIVERPOOL—Spot and shipment sales amounted to 60 tonnes. The small offtake continued, with limited dealings in American type varieties. Most users were disinclined to operate freely and transactions were light.

HIDES—Leeds: Steers supplies [illegible]. Second [illegible] Ox 31-35.5kg, 59.0p a kg (57.1p); 25-30.5kg, 61.4p a kg (59.1p); 22-25.5kg, 67.0p a kg (64.2p), light cows 25.5kg, 65.2p a kg withdrawn (64.8p).

## POTATOES

LONDON POTATO FUTURES—Profit-taking trimmed prices, with little-fresh buying. The market was less busy than recently, but fresh buying towards the close recovered losses, reports Coley and Harper. Closing prices: Nov 88.90, unchanged (high 88.90, low 87.50); Feb 95.80, —0.20 (high 88.00, low 87.60); April 110.00, [illegible] (high 110.00, low 108.90) [illegible]. Sales: 393 (543) lots of 40 tonnes.

## PRICE CHANGES

In tonnes unless otherwise stated.

| | July 28 1982 | + or — | Month ago |
|---|---|---|---|
| Metals | | | |
| Aluminium | £810/815 | ...... | £810/815 |
| Free Mkt | $940/970 | -20 | $950/980 |
| Copper | | | |
| Cash h grade | £839.25 | -11 | £786 |
| 3 mths | £855.75 | -11 | £801.25 |
| Cash Cathode | £818.75 | -12.25 | £772 |
| 3 mths | £838.25 | -10.25 | £785.5 |
| Gold troy oz | $346.5 | -6.25 | $318 |
| Lead Cash | £303.5 | -1 | £325.75 |
| 3 mths | £315.25 | -6.25 | £337.75 |
| Nickel | £4060 | | £3923 |
| Free mkt | 238/258c | +2 | 250/260c |
| Platin'm tr oz'y | £260 | ...... | £260 |
| Freemkt | £163.75 | -7.75 | £165.20 |
| Quicksilvert | $350/370 | ...... | $360/370 |
| Silver troy oz | 400.60p | -10.35 | 330.05p |
| 3 mths | 418.00p | -10.45 | 340.20p |
| Tin Cash | £6306 | +107.5 | £6650 |
| 3 mths | £6397.5 | +46 | £6765 |
| Tungsten22.01lb | $111.18 | ...... | $110.92 |
| Wolfrm22.04lbs | $107/112 | ...... | $115-116 |
| Zinc Cash | £403.5 | -8.75 | £418 |
| 3 mths | £411.5 | -9.75 | £424.25 |
| Producers | $800 | ...... | $800 |
| Oils | | | |
| Coconut (Phil) | $465x | -10 | $487.5 |
| Groundnut | $565x | ...... | ‡ |
| Linseed Crude | ‡ | ...... | £359 |
| Palm Malayan | $400w | -2.5 | $457.5 |
| Seeds | | | |
| Copra Ph'lip | $310 | ...... | $325 |
| Soyabean (U.S.) | $255.5x | +1 | $251.25 |
| Grains | | | |
| BarleyFut. Nov | £109.50 | +0.25 | £104.60 |
| Maize | £136w | ...... | £137.00 |
| Wheat Fut.Nov | £114.00 | +0.20 | £108.95 |
| No.2HardWint | ‡ | ...... | ‡ |
| Other commodities | | | |
| Cocoa ship't* | £914 | +7 | £978 |
| Future Sept | £878.5 | +7 | £933.5 |
| Coffee Ft' Sept | £1114.5 | +10.5 | £1,1181 |
| Cotton A.Index | 79.10c | +0.1 | 76.70c |
| Gas Oil Aug | $281.25 | +0.25 | $281.5 |
| Rubber (kilo) | 49.25p | +0.5 | 49p |
| Sugar (Raw) | £103vy | -3 | £105 |
| Woolt'ps 64s kl. | 383p kilo | ...... | 388pkilo |

‡ Unquoted. x Aug-Sept. v July-Aug. w Aug. y Sept. † Per 76 lb flask. * Ghana cocoa. n Nominal.

## INDICES

### FINANCIAL TIMES

| July 27 | July 26 | M'th ago | Y'ar ago |
|---|---|---|---|
| 231.39 | 232.62 | 233.68 | 275.51 |

(Base: July 1 1952 = 100)

### REUTERS

| July 28 | July 27 | M'th ago | Y'ar ago |
|---|---|---|---|
| 1538.7 | 1543.8 | 1537.6 | — |

(Base: September 18 1931 = 100)

### MOODY'S

| July 27 | July 26 | M'th ago | Y'ar ago |
|---|---|---|---|
| 1014.4 | 1019.1 | 984.5 | 1069.8 |

(December 31 1931 = 100)

### DOW JONES

| Dow Jones | July 27 | July 26 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 125.28 | 125.81 | 121.78 | — |
| Futrs | 128.25 | 127.50 | 123.98 | — |

(Base: December 31 1974 = 100)

## AMERICAN MARKETS

NEW YORK, July 28.

PRECIOUS metals and copper were sharply lower on projections of a record high Federal Budget deficit. Sugar came under heavy pressure from arbitrage selling and a larger than expected EEC tender. Coffee rose sharply in anticipation of a quota cut which precipitated technical buying. Cocoa was moderately lower on light Ivory Coast selling. Heating oil was mixed under pressure on rumours of Saudi price cuts, reported Heinold.

Copper—Aug 63.50 (66.40), Sept 64.10-64.30 (66.00), Dec 66.20-66.45, Jan 67.10, March 68.40, May 70.00, July 71.45, Sept 72.90, Dec 75.10, Jan 75.60, March 77.25, May 78.90. Sales: 7,500.

*Gold—Aug 339.0-340.0 (352.2), Sept 342.6 (355.6), Oct 344.5-346.0, Dec 352.5-354.0, Feb 359.0-359.5, April 366.6, June 375.4, Aug 383.2, Oct 391.2, Dec 399.4, Feb 407.7, April 416.1.

*Platinum—Oct 280.3 (300.3), Jan 288.8 (308.8), April 297.3, July 305.4. Sales: 3,800.

Potatoes (round whites)—Nov 65.5 (67.0), Feb 66.0 (67.0), March 76.0-76.1, April 86.0. Sales: 287.

¶Silver—Aug 669.0-672.0 (723.5), Sept 681.0 (731.0), Dec 704.8, Jan 712.7, March 728.7, May 744.7, July 760.7, Sept 776.7, Dec 800.7, Jan 808.7, March 824.7, May 840.7. Handy and Harman bullion spot: 695.00 (730.50).

Sugar—No. 11: Sept 7.10-7.16 (7.45), Oct 7.30-7.33 (7.64), Jan 7.65-7.85, March 8.45, May 8.70-8.75, July 8.98-8.99, Sept 9.28, Oct 9.35-9.39. Sales: 6,020.

Tin—510.00-517.00 (510.00-512.00).

CHICAGO, July 28.

Lard—Chicago loose 24.25 (same).

Live Cattle—Aug 62.90-62.85 (63.10), Oct 61.10-61.20 (61.97), Dec 62.80-62.75, Feb 62.20-62.35, April 62.30-62.20, June 63.40, Aug 62.60.

Live Hogs—Aug 60.20-60.15 (60.20), Oct 58.25-58.10 (57.52), Dec 58.10-58.20, Feb 56.75-55.70, April 51.80-51.65, June 52.30, July 52.45, Aug 49.80.

‡‡Maize—Sept 247-248½ (251), Dec 251½-251¾ (254½), March 267¾-267, May 276¾-276½, July 282¾-282, Sept 283-283¾.

Pork Bellies—Aug 80.00-80.30 (80.37), Feb 75.50-75.90 (74.75), March 74.37-74.85, May 71.42, July 71.00-71.17, Aug 69.87.

‡Soyabeans—Aug 608¾-607 (618½), Sept 603-606½ (613½), Nov 606½-606, Jan 623-623½, March 640½, May 655, July 667½, Aug 671, Sept 670½.

||Soyabean Meal—Aug 175.0-174.8 (177.9), Sept 175.0-175.1 (178.0), Oct 175.0-175.1, Dec 179.7-179.5, Jan 183.0-182.5, March 187.5, May 191.8, July 197.0-198.0, Aug 197.0-199.0.

Soyabean Oil — Aug 18.21-18.23 (18.51), Sept 18.41-18.43 (18.69), Oct 18.58-18.55, Dec 18.92-18.90, Jan 19.15-19.15, March 19.55, May 19.90, July 20.26.

†Wheat—Sept 345½-345¾ (353½), Dec 367¾-367½ (376), March 385½-385¼, May 393¼-393, July 392½-392, Sept 401.

WINNIPEG, July 28.

§Barley—July 112.2 (116.7), Oct 110.1 (111.5), Dec 111.6, March 114.2, May 116.5.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lb). § $Can. per metric ton. ‡‡ Cents per 56-lb bushel. ¥ Cents per dozen. †† $ per metric ton.

### Tuesday's closing prices

NEW YORK, July 27.

††Cocoa—Sept 1390 (1401), Dec 1451 (1460), March 1516, May 1559, July 1602, Sept 1644. Sales: 1,460.

Coffee—"C" Contract: Sept 121.28-121.50 (123.12), Dec 111.04-111.74 (113.76), March 106.75, May 104.50, July 102.50, Sept 101.00, Dec 98.00-98.75. Sales: 2,250.

Cotton—No. 2: Oct 68.70-68.90 (69.21), Dec 71.11-71.14 (71.60), March 73.40-73.60, May 74.80-75.00, July 76.00-76.01, Oct 76.00, Dec 74.30-74.90. Sales: 5,000.

Heating Oil—(cents per U.S. gallon): Aug 87.70-87.90 (87.50), Sept 87.45-87.60 (87.01), Oct 87.40-87.60, Nov 88.50, Dec 89.00-89.50, Jan 90.35, Feb 90.65, March 90.96, April 89.00.

Orange Juice—Sept 125.40-125.45 (126.25), Nov 124.20 (125.55), Jan 124.50, March 125.50, May 126.60-127.20, July 127.70-128.00, Sept 128.85-129.25, Nov 129.85-130.50. Sales: 400.

CHICAGO, July 27.

Chicago Imm Gold—Sept 355.8-357.8 (369.2), Dec 366.0-366.5 (370.1), March 376.8, June 387.8, Sept 399.0.

(high 65.00, low 65.00), April 77.60, —1.40 (high 78.40, low 76.90); May 88.00, +0.30 (high 88.00, low 86.00); Nov 64.20, +0.20 (high 64.20, low 63.80). Sales: 393 (543) lots of 40 tonnes.

## MEAT/FISH

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 78.8 to 83.5; Ulster hindquarters 84.0 to 85.5, forequarters 60.0 to 62.5. Veal: Dutch hinds and ends 19.0 to 122.5. Lamb: English small 90.0 to 93.5, medium 86.0 to 93.0, heavy 85.0 to 90.0. Scotch heavy 84.0 to 86.0. Imported—New Zealand PL 90.5 to 91.7, PM 89.5 to 90.5, PX 89.0 to 89.5, YL 89.5 to 90.5. Pork: English, under 100 lb 38.0 to 53.5, 100-120 lb 37.0 to 52.0, 120-160 lb 37.0 to 49.5.

MEAT COMMISSION—Average Fatstock prices at representative markets. GB—Cattle 99.0p per kg lw (-0.88). GB—Sheep 181.55p per kg est. dcw (-4.58). GB—Pigs 72.17p per kg lw (+3.29).

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £6.00-£7.60, codlings £3.20-£4.40; large haddock £4.00-£4.60, medium £2.60-£4.60, small £1.40-£2.50; large plaice £5.10; medium £4.40-£5.20, best small £3.40-£4.30; skinned dogfish (large) £8.50, medium £5.50; lemon soles (large) £6.50; rockfish £1.40; saithe £1.00-£1.20.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—[illegible]

## EUROPEAN MARKETS

ROTTERDAM, July 28.

Wheat—(U.S. $ per tonne): U.S. No. Two Red Winter Aug 148, Sept 151. U.S. No. Three Amber Durum Aug 171, Sept 172, Oct 176, Nov 180. U.S. No. Two Northern Spring 14 per cent Aug 178, Sept 176, Oct 179, Nov 181.

Maize—(U.S. $ per tonne): U.S. No. Three Yellow sept 128, afloat 124.50, July 123, Aug 121.25, Sept 117.75, Oct/Dec 117, Jan/March 125 sellers.

Soyabeans—(U.S. $ per tonne): U.S. [illegible]

Soyameal—(U.S. $ per tonne): 44 per cent afloat 208, Aug 211, Sept 213, Oct 214, Nov 218, Nov/March 224 sellers. Pellets Brazil afloat 215, July 215.50, Aug 215.50, Sept 220.50, Oct 226, Nov/March 242 sellers.

PARIS, July 28.

Cocoa—(FFr per 100 kilos): July 898 asked, Sept 1030/1045, Dec 1085/1100, Mar 1130/1140, May 1168/1178, July 1198/1206, Sept 1228/1236. Sales at call: nil.

Sugar—(FFr per tonne): [illegible]

[illegible]

# IBM launches $100m bond with 13⅞% coupon

BY ALAN FRIEDMAN

IBM came to the Euromarket last night with a $100m five-year bond issue priced to yield 5 basis points below the equivalent U.S. Treasury bond.

The IBM issue, the first in a year, provides a 13⅞ per cent coupon at a price of 99⅞, suggesting a yield of 13.95 per cent at issue price. The 1987 U.S. Treasury bond was yesterday yielding about 14 per cent.

Attached to the fixed-interest IBM bond is a warrant, priced at $25, to purchase a 13 per cent five-year bond. The warrant may be exercised for a period of three years.

IBM's deal was viewed by many in the market as a generous package, and was selling very well according to its three lead-managers—Morgan Guaranty, Credit Suisse First Boston and Salomon Brothers. The IBM name is regarded as one of the finest in the international bond market.

The recent World Bank $250m 15 per cent five-year issue, part of a $400m package, was yesterday trading at 99⅛ to yield around 15.15 per cent, a yield difference of 120 basis points when compared to the new IBM paper. AT&T's seasoned 14⅜ per cent issue, at 104, provides a yield of just under 13⅞ per cent.

Yesterday also saw another attractive new issue, a $125m seven-year Eurodollar bond for the Long Term Credit Bank of Japan.

The LTCB paper carries a 15⅛ per cent coupon at par and is lead-managed by LTCB International, Morgan Guaranty and Salomon Brothers. Like the recent issues for Sumitomo Bank and Nippon Credit Bank, the LTCB issue also involves an interest-rate swap transaction under which the borrower agrees to take on the floating rate debt of a counterparty, in this case a U.S. corporation.

The secondary market was quiet yesterday. Prices closed ⅛-¼ point up on the day amid light volume. D-Mark and Swiss franc foreign bond prices were unchanged yesterday as both sectors paused to assess the interest rate outlook.

Wood Gundy, the lead-manager of a C$80m five-year issue of Canadian Utilities, has increased the size of the issue to C$85m and has fixed the coupon at 17 rather than 17¼ per cent as originally intended.

Also in the Canadian dollar sector, a C$40m six-year issue for British Columbia Telephone was announced yesterday by Orion Royal and Pitfield Mackay Ross.

The issue bears a 17¼ per cent coupon at a price of par and was launched following the healthy reception accorded to Canadian Utilities.

Among this week's other new issues there is a Y20bn 12-year samurai bond out for the Inter-American Development Bank. The coupon is 8¾ per cent at a price of 99.95 to yield 8.51 per cent. Nomura Securities is lead-manager.

In the Swiss franc foreign bond market two six-year private placements are being arranged. The first is a SwFr 50m 7⅜ per cent bond for the European Investment Bank through Union Bank of Switzerland and the second is a SwFr 40m 7¾ per cent placement for Jujo Paper through SEC. The issue is guaranteed by Mitsui Bank.

A SwFr 80m public convertible bond issue is on offer for Minebea, a Japanese ball-bearing maker. The ten-year issue has an indicated 6¼ per cent coupon and is led by Bank Hofmann.

From Credit Suisse comes a SwFr 75m public issue for Koa Oil, the Japanese refiner. The indicated yield is 6¼ per cent.

# Ford moves ahead despite sales dip

By Terry Byland in New York

FORD MOTOR, number two in the U.S. motor industry, has reported net earnings of $205m or $1.7 a share in the second quarter—about twice as much as expected by Wall Street experts on the industry. This compares with $60m or 50 cents a share last year.

The company brought further cheer to Detroit by saying there were signs of better economic conditions later this year which could lead to improved car and truck sales.

General Motors, the industry leader, said on Monday that it had exceeded forecasts for the year, and last week Chrysler disclosed a profit of $107m for the quarter.

Ford, in common with the rest of the U.S. motor sector, suffered a fall in sales for the quarter from $11.3bn to $10.9m. Nor was the second quarter performance enough to pull the company out of the red at the half-year level.

After taking in the $2.95 a share deficit of the first quarter, Ford ends the first six months with a net loss of $96.6m or 80 cents s share compared with a loss of $379.3m or $3.15 a ahare, a year ago. Sales for the half are almost level pegging at $19.8m against $20.6m.

Earnings in the U.S. fell from $82m to $23m in the quarter, confirming that it is Ford'a overseas operations—nearly half the gronp's business—which are the more profitable.

# French nationalisation plan for ITT hits price snag

BY DAVID MARSH IN PARIS

THE PLAN for the nationalisation of the French telephone exchanges manufacturing subsidiary of International Telephone and Telegraph, CGCT, has been thrown back on to the negotiating table following a recent increase in the company's losses.

The French Ministry of Research and Industry is taking part in talks with ITT's European headquarters in Brussels to try to reduce the price for the deal from the $50m both sides thought they had agreed earlier this month.

The latest twist in the tortuous saga of the French government's relations with ITT came yesterday when the U.S. company suddenly cancelled a Press conference it was to have held in Brussels to announce fresh details on the affair.

Renewed haggling over the price-tag on CGCT has started up again because of a worsening in the company's recent financial performance—ironically, itself partly due to a decline in telecommunications orders from the Paris government.

However, the Research and Industry Ministry is reasonably confident that a compromise agreement can be worked out soon, hopefully before the holiday season starts in earnest next month.

# California oil driller seeks court protection

By Paul Betts in New York

NUCORP ENERGY, a California-based oilfield service company which was only recently riding high during the U.S. energy drilling boom, has filed for protection from its creditors under Chapter 11 of the bankruptcy law.

Nucorp's action is likely to represent a serious setback for Continental Illinois, the leading Chicago bank caught up in the recent collapse of Penn Square Bank in Oklahoma. Continental Illinois is the largest lender to Nucorp.

Mr David Watt, president of Nucorp, said the company had filed for protection under chapter 11 because its financial problems "have been compounded by the current state of the economy in general and the severe adversities affecting the energy industry in particular."

Nucorp's move represents another major blow to Continental Illinois, which suffered a second quarter loss of $61m in large measure because of its exposure to the collapsed Penn Square.

Continental Illinois, the sixth largest U.S. bank, is Nucorp's major lender. Other lenders include Security Pacific of Los Angeles, Barclays Bank International, Citicorp, Royal Bank of Canada, and Bank of Montreal.

Mr Watt said yesterday that his company waa seeking an additional loan of $4m to enable it to continue operating. This would increase the total amount owed by Nucorp to a group of nine banks led by Continental Illinois under a revolving credit line to $307m.

# Bethlehem Steel dividend cut as losses continue

BY TERRY BYLAND IN NEW YORK

BETHLEHEM STEEL, number two in the U.S. industry, announced a loss of $47.1m or $1.08 a share for the second quarter, and cut its quarterly payment from 40 cents to 25 cents a share.

Mr Donald Trautlein, chairman and chief executive, warned that Bethlehem expects a further "substantial loss" in the third quarter and for 1982 as a whole. He indicated that 1982 could see the lowest level of shipments for the industry since 1961. However, he expects 1983 to bring improved business conditions and an increase in shipments.

Sales fell from $1.94m to $1.47bn in the second quarter. Quarterly earnings last year were $77.6m or $1.78 a share.

Bethlehem had deferred authorisation of "a significant portion" of its $750m modernisation programme because of a downward revision of capital spending plans, Mr Trautlein said.

However, Bethlehem was going ahead with construction of a new steel billets factory at Johnstown, due to come on stream at the end of this year.

At the six month stage, Bethlehem has lost $113.8m or $2.61 a share compared with profits of $103.5m or $2.37 a share. Sales were down from $3.80bn to $3.04bn. Shipments have fallen from 6.3m tons to 4.8m tons. Rate of plant utilisation stands at 54.7 per cent compared with 78.2 per cent 12 months ago.

For the whole of fiscal 1981, Bethlehem earned $210.9m on sales of $7.3bn.

The dividend cut was not entirely unexpected but the delay in the modernisation programme is a blow to confidence.

# Merchandising side boosts Sears Roebuck

By David Lascelles in New York

SEARS ROEBUCK, the U.S. retailing and financial services group, reports a healthy 22 per cent increase in second quarter profits, but almost all of the improvement came from its traditional merchandising rather than the financial businesses it has recently branched out into.

Total earnings were $163.7m or 47 cents a share, up from $134.5m or 42 cents a share in the same period last year. Revenues were up 8 per cent to $7.2bn from $6.66bn.

The company's merchandise group earned $74.5m, an improvement of 49 per cent which came not so much from sales, which were flat, but from higher margins, cost control and lower interest rates.

Half-year earnings totalled $235.1m, against $187.3m, or 67 against 59 cents a share, on revenues of $9.2bn against $9.01bn.

# $300m credit for Pemex backed by oil mortgage

BY OUR EUROMARKETS STAFF

PEMEX, the Mexican state oil company, is mortgaging future oil deliveries in order to secure a $300m nine-month syndicated loan through Manufacturers Hanover Trust and 10 other banks.

The nine-month loan carries interest of ⅞ per cent above the London interbank offered rate (Libor) or ½ per cent above the U.S. prime rate and will be secured by Pemex oil shipments.

It is understood that a major U.S. oil company will pay $300m for Pemex oil deliveries directly to Manufacturers Hanover and the other bank syndicate members.

The Pemex deal is similar to a $400m credit organised by the International Mexican Bank in May. Bankers view this type of mortgaging of future receivables as further evidence of how hard pressed Mexican state borrowers are.

# Sharp decline at St Regis

By Our Financial Staff

ST REGIS PAPER, the major forest products company, has incurred a sharp drop in second quarter earnings and has halved its quarterly dividend from 56 cents to 28 cents a share.

Profits for the quarter plunged 67 per cent from $52.3m or $1.51 a share to $17.1m or 49 cents a share on sales down from $772.2m to $651.8m.

This left first half profits of $36.5m or $1.05 a share against $102.2m or $2.96 a share on revennes lower at $1.32bn compared with $1.51bn.

# FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday August 18. Closing prices on July 28

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Aetna Life 15 86/87 | 150 | 103⅞ | 104⅜ | 0 | -0⅛ | 13.49 |
| Amax Int. Fin. 15¾ 92 | 75 | 99⅝ | 99⅞ | +0⅛ | +0⅛ | 16.30 |
| Amax O/S Fin. 14¾ 89 | 75 | 95⅞ | 96⅜ | +0⅛ | 0 | 16.16 |
| ATT 14⅜ 89 | 400 | 103⅞ | 104⅜ | -0⅛ | -0⅛ | 13.23 |
| Baker Int. Fin 0.0 92 | 225 | 26⅞ | 27⅜ | +0⅛ | +0⅛ | 14.65 |
| BHP Finance 14⅜ 89 | 150 | 96⅞ | 97 | +0⅛ | +0⅛ | 15.61 |
| Bk. Amer. NT SA 12 87 | 200 | 91⅛ | 91⅞ | 0 | -0⅛ | 14.52 |
| Bk Montreal 14⅜ 87 | 100 | 94 | 94½ | 0 | -0⅛ | 16.26 |
| Bque Indo Suez 15 89 | 100 | 96 | 96½ | +0⅛ | -0⅛ | 15.90 |
| British Col Hyd 14⅜ 89 | 200 | 96⅞ | 98⅛ | -0⅛ | -0⅛ | 15.04 |
| British Col. Hyd. 15⅛ 92 | 150 | 100⅛ | 100⅝ | +0⅛ | +0⅛ | 15.12 |
| Burroughs Int 15⅝ 86 | 50 | 102⅝ | 103⅛ | +0⅛ | +1 | 14.82 |
| Canada 14⅜ 87 | 750 | 98⅝ | 99 | +0⅛ | +0⅛ | 14.72 |
| Canadair 15⅞ 87 | 150 | 100⅝ | 101⅛ | +0⅛ | -0⅛ | 16.14 |
| Canadian Pac 14⅜ 92 | 75 | 94⅛ | 94⅝ | -0⅛ | -0⅛ | 15.70 |
| Carolina Power 16⅜ 89 | 80 | 104 | 104½ | +0⅛ | +0⅛ | 15.32 |
| CIBC 16 87 | 100 | 97⅛ | 97⅝ | 0 | -0⅛ | 15.72 |
| Citicorp O/S 15 84/92 | 100 | 99⅝ | 100⅛ | 0 | -0⅛ | 14.94 |
| Citicorp O/S 15⅛ 85/97 | 125 | 100⅛ | 100⅝ | +0⅛ | -0⅛ | 15.12 |
| CNA 15⅞ 87 | 75 | 99⅝ | 100 | +0⅛ | +1⅛ | 15.87 |
| Con. Illinois 15⅞ 89 | 100 | 98 | 98½ | -0⅛ | -0⅛ | 18.13 |
| Duke Pwr. O/S 15⅛ 89 | 60 | 99⅝ | 100⅛ | +0⅛ | +1⅛ | 15.07 |
| Dupont O/S Cap. 0.0 90 | 300 | 35⅝ | 36⅛ | +0⅛ | -0⅛ | 14.57 |
| ECSC 14⅞ 87 (April) | 80 | 98⅝ | 98⅞ | +0⅛ | +0⅛ | 15.11 |
| EIB 15⅛ 89 | 150 | 100⅛ | 100⅝ | +0⅛ | +0⅛ | 15.31 |
| EIB 15½ 92 | 100 | 99⅛ | 99⅝ | +0⅛ | +1⅛ | 15.62 |
| Ekportfinans 16⅞ 89 | 50 | 98 | 98½ | +0⅛ | +0⅛ | 14.88 |
| Gen. Elec. Credit 0.0 92 | 400 | 28⅛ | 28⅝ | +0⅛ | +0⅛ | 13.99 |
| Gen Elec Credit 0.0 93 | 400 | 24⅝ | 25⅛ | 0 | -0⅛ | 14.04 |
| Getty Oil Int 14 89 | 125 | 99⅛ | 99⅝ | -0⅛ | -0⅛ | 14.06 |
| GMAC O/S Fin 16 86 | 150 | 102 | 102½ | +0⅛ | -0⅛ | 15.29 |
| GMAC O/S Fin 15⅛ 85/87 | 100 | 98⅝ | 98⅞ | +0⅛ | -0⅛ | 15.56 |
| GMAC O/S Fin 15 89 | 125 | 99⅛ | 99⅝ | +0⅛ | +0⅛ | 15.05 |
| GMAC O/S Fin 15 87 | 100 | 99⅝ | 100⅛ | +0⅛ | -0⅛ | 14.99 |
| Gulf Canada Ltd 14⅞ 92 | 100 | 97⅛ | 97⅝ | 0 | +0⅛ | 15.18 |
| Gulf Oil 14⅛ 94 | 175 | 99⅛ | 99⅝ | 0 | 0 | 14.28 |
| Gulf Oil Fin. 0.0 92 | 300 | 28½ | 29 | +0⅛ | +0⅛ | 13.87 |
| Int-Am Dv Bk 15⅛ 87 | 55 | 99 | 99½ | +0⅛ | +0⅛ | 15.26 |
| Japan Dev Bk 15⅛ 87 | 50 | 103½ | 104 | +0⅛ | +0⅛ | 14.24 |
| New Brunswick 15⅞ 89 | 75 | 103 | 103½ | +0⅛ | +0⅛ | 15.36 |
| Ontario Hydro 16⅛ 89 | 150 | 98½ | 99 | -0⅛ | -0⅛ | 16.01 |
| Pac Gas & El 15⅞ 89 | 65 | 103⅛ | 103⅝ | +0⅛ | +0⅛ | 14.62 |
| Phillips Petrol 14 89 | 200 | 97⅛ | 97⅝ | +0⅛ | +0⅛ | 14.53 |
| R.J. Rynlds O/S 0.0 92 | 400 | 27⅝ | 28⅛ | +0⅛ | +0⅛ | 14.30 |
| Saskatchewan 16 89 | 125 | 102⅛ | 102⅝ | -0⅛ | -0⅛ | 16.28 |
| Shell Canada 14⅝ 92 | 125 | 97 | 97½ | +0⅛ | +0⅛ | 14.89 |
| Spain 15⅝ 87 | 100 | 99⅝ | 100⅛ | -0⅛ | 0 | 15.71 |
| Superior O/S Fin 16 89 | 125 | 97⅛ | 97⅝ | +0⅛ | +0⅛ | 14.57 |
| Swed. Exp. Cr 15⅛ 89 | 100 | 99 | 99½ | 0 | -0⅛ | 15.37 |
| Swed. Exp. Cr. 14⅝ 90 | 100 | 95⅛ | 95⅝ | +0⅛ | +0⅛ | 15.[illegible] |
| Swed Exp Cr 0.0 94 | 200 | 19⅝ | 20⅛ | -0⅛ | -0⅛ | 14.88 |
| Texas Eastern 15⅝ 89 | 60 | 100½ | 101 | +0⅛ | -0⅛ | 15.53 |
| Union Carbide 14⅝ 89 | 150 | 100 | 100½ | 0 | -0⅛ | 14.64 |
| Wells Fargo Int. 15 87 | 75 | 98⅝ | 99⅛ | 0 | -0⅛ | 16.20 |
| World Bank 14⅝ 87 | 500 | 97 | 97½ | +0⅛ | +0⅛ | 15.05 |
| World Bank 15⅛ 88 | 250 | 99⅝ | 100⅛ | +0⅛ | -0⅛ | 15.14 |

Average price changes . On day +0⅛ on week 0

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Asian Dev Bank 9¾ 92 | 150 | 97⅞ | 98⅜ | 0 | -0⅛ | 9.52 |
| Australia 8¾ 91 | 200 | 103 | 103⅜ | +0⅛ | -0⅛ | 8.78 |
| Austria 8½ 92 | 100 | 94⅞ | 95⅜ | +0⅛ | -0⅛ | 9.16 |
| Barclays O/S In 8½ 94 | 100 | 95½ | 96 | 0 | -0⅛ | 8.97 |
| Bowater Int. Fin. 8½ 88 | 50 | 95⅝ | 96⅛ | +0⅛ | +0⅛ | 9.33 |
| Canada 8½ 89 | 200 | 102⅞ | 103⅜ | 0 | 0 | 7.95 |
| Comp Tel Esp 10½ 92 | 100 | 100½ | 101 | 0 | 0 | 10.35 |
| Cred Foncier 8½ 92 | 100 | 96⅛ | 96⅝ | 0 | -0⅛ | 8.30 |
| Denmark 10½ 92 | 100 | 102⅞ | 103⅜ | +0⅛ | 0 | 9.63 |
| EDF 9½ 92 | 100 | 100⅝ | 101⅛ | 0 | +0⅛ | 8.89 |
| EIB 8½ 92 | 100 | 94⅞ | 95⅜ | -0⅛ | -0⅛ | 9.20 |
| Int Am Dev Bk 9 92 | 150 | 97⅛ | 97⅝ | +0⅛ | -0⅛ | 9.39 |
| Nacnl Financiera 11 90 | 150 | 96½ | 97 | -0⅛ | -0⅛ | 11.64 |
| Norsk Hydro 8½ 92 | 100 | 98 | 98½ | 0 | -0⅛ | 8.77 |
| Philips Lamps 8½ 92 | 100 | 98½ | 99 | +0⅛ | -0⅛ | 8.69 |
| Philip Morris 8¾ 90 | 100 | 100 | 100½ | +0⅛ | +0⅛ | 8.22 |
| Quebec 10½ 92 | 150 | 102⅞ | 103⅜ | +0⅛ | +0⅛ | 9.65 |
| Renfe 10 92 | 150 | 99⅝ | 100⅛ | +0⅛ | 0 | 9.87 |
| SNCF 8½ 92 | 100 | 95 | 96½ | 0 | +0⅛ | 9.21 |
| Tauernautobahn 8¾ 94 | 50 | 101⅝ | 102⅛ | 0 | +0⅛ | 9.49 |
| Tenneco Int 9 92 | 100 | 98 | 98½ | 0 | -0⅛ | 9.27 |
| World Bank 9½ 89 | 100 | 100⅛ | 100⅝ | +0⅛ | -0⅛ | 9.38 |
| World Bank 8½ 92 | 200 | 95⅛ | 95⅝ | 0 | +0⅛ | 9.13 |

Average price changes . On day 0 on week -0⅛

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Air Canada 6¼ 92 | 100 | 100⅞ | 100⅝ | 0 | -0⅛ | 5.14 |
| Asian Dev. Bank 7 92 | 100 | 100⅝ | 101 | -0⅛ | -1⅛ | 6.87 |
| Aurelas 7¾ 92 | 100 | 98⅞ | 99 | -0⅛ | -0⅛ | 7.91 |
| Australia 8¼ 94 | 100 | 106 | 105⅛ | +0⅛ | +0⅛ | 6.88 |
| BNP 6¾ 92 | 100 | 96 | 96½ | +0⅛ | +0⅛ | 7.02 |
| Can Nat T'Energie 7 92 | 100 | 100⅝ | 101⅛ | -0⅛ | -0⅛ | 5.95 |
| CFE-Mexico 8¾ 92 | 50 | 94 | 94½ | -0⅛ | -1 | 9.18 |
| Co-op Denmark 8½ 92 | 25 | 105 | 105½ | 0 | -0⅛ | 7.59 |
| Crown Zellerbach 6¾ 92 | 100 | 100⅝ | 100⅞ | +0⅛ | +0⅛ | 6.67 |
| Europarat 7¼ 92 | 100 | 101⅞ | 102⅛ | 0 | +0⅛ | 6.96 |
| Ind Fund Finland 8¾ 92 | 30 | 98⅝ | 98⅞ | +0⅛ | -0⅛ | 8.96 |
| Japan Dev. Bank 8 94 | 100 | 100⅝ | 100⅞ | +0⅛ | -0⅛ | 6.94 |
| Kobe City 6¾ 92 | 100 | 101 | 101½ | 0 | +0⅛ | 6.87 |
| Kommunlans 7¼ 92 | 35 | 101 | 101½ | +0⅛ | -0⅛ | 7.06 |
| Lonrho Int Fin. 7¾ 92 | 80 | 94⅛ | 94⅝ | 0 | -0⅛ | 8.31 |
| Mitsui OSK 6¾ 92 | 100 | 98⅝ | 100 | 0 | -0⅛ | 6.51 |
| Nafinsa 8¾ 92 | 80 | 93⅝ | 94⅛ | 0 | -0⅛ | 9.19 |
| New Zealand 6 92 | 100 | 101½ | 101⅞ | +0⅛ | 0 | 5.79 |
| Philip Morris 6½ 92 | 100 | 104⅛ | 104⅝ | -0⅛ | -0⅛ | 5.86 |
| Philip Morris 6¾ 94 | 100 | 103 | 103⅝ | -0⅛ | +0⅛ | 5.87 |
| Renfe 7¾ 92 | 80 | 99⅝ | 99⅞ | 0 | +0⅛ | 7.86 |
| Sekisui Pre 5½ 92 WW | 70 | 103⅝ | 104⅛ | -0⅛ | -0⅛ | 5.21 |
| Soc Lux de Cnt. 8½ 92 | 90 | 106 | 106½ | +0⅛ | +0⅛ | 7.09 |
| Svenska Handels. 6¾ 92 | 100 | 98⅝ | 98⅞ | +0⅛ | +0⅛ | 6.88 |
| Trinler Wasser 6¼ 92 | 100 | 98⅝ | 98⅞ | -0⅛ | -0⅛ | 6.47 |
| Vorarlberg Kraft 6¾ 92 | 50 | 102⅝ | 103 | +0⅛ | +0⅛ | 6.35 |

Average price changes . On day 0 on week -0⅛

| YEN STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| EIB 8⅜ 92 | 15 | 97⅝ | 98⅛ | 0 | +0⅛ | 8.63 |
| Int-Amer. Dev. 8⅞ 91 | 15 | 101⅝ | 102⅛ | 0 | +0⅛ | 8.56 |
| Japan Airlines 7⅞ 87 | 9 | 96⅛ | 96⅝ | +0⅛ | +0⅛ | 8.09 |
| New Zealand 8⅛ 87 | 15 | 99⅝ | 100⅛ | 0 | 0 | 8.34 |
| World Bank 8⅜ 92 | 20 | 98⅞ | 99⅛ | -0⅛ | 0 | 8.50 |

Average price changes.. On day 0 on week +0⅛

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Soil Canada 15 89 C$ | 100 | †98⅛ | 98⅝ | 0 | +1⅛ | 15.34 |
| Can. Pac. S. 16⅞ 89 C$ | 50 | †98⅝ | 99 | +0⅛ | +0⅛ | 16.63 |
| Cfd. Foncier 17⅛ 89 C$ | 30 | †98⅛ | 98⅝ | 0 | +0⅛ | 17.32 |
| Gaz Metro. 17⅛ 90 C$ | 20 | †97⅝ | 98⅛ | -0⅛ | 0 | 17.67 |
| OKB 16⅛ 88 C$ | 63 | †98⅛ | 98⅝ | +0⅛ | +0⅛ | 16.63 |
| Q. Hyd. 16½ 89 (M) C$ | 50 | †99⅝ | 100 | 0 | 0 | 16.51 |
| Quebec Prov. 16½ 89 C$ | 50 | †99⅝ | 100⅛ | 0 | +0⅛ | 16.46 |
| U. Bk. Nwy. 9½ 90 EUA | 12 | 92 | 93⅛ | 0 | 0 | 10.93 |
| Amro Bank 10 87 Fl | 150 | 100⅛ | 100⅝ | +0⅛ | -0⅛ | 9.84 |
| Bk. Mees & H. 10 87 Fl | 75 | 99⅝ | 100 | +0⅛ | +0⅛ | 10.04 |
| Eurofima 10½ 89 Fl | 50 | 100⅝ | 101⅛ | +0⅛ | -0⅛ | 10.26 |
| Ireland 10½ 87 Fl | 75 | 98⅝ | 99⅛ | +0⅛ | -0⅛ | 10.78 |
| Phil. Lamps 10½ 87 Fl | 100 | 101 | 101½ | +0⅛ | -0⅛ | 9.86 |
| World Bank 10 87 Fl | 150 | 99 | 98½ | +0⅛ | -0⅛ | 10.19 |
| OKB 14 86 FFr | 400 | 92⅝ | 93⅛ | -0⅛ | +0⅛ | 16.51 |
| Solvay et C. 14¾ 86 FFr | 200 | 92⅝ | 93⅛ | 0 | +0⅛ | 17.26 |
| Beneficial 14½ 90 £ (0) | 20 | 89⅝ | 90⅛ | +0⅛ | +0⅛ | 16.51 |
| BFCE 14¼ 87 £ | 30 | 100⅝ | 101⅛ | -0⅛ | 0 | 14.22 |
| BNP 13½ 91 £ | 15 | 96⅝ | 97⅛ | 0 | +0⅛ | 14.11 |
| CECA 13½ 88 £ | 20 | 97⅝ | 98⅛ | +0⅛ | +0⅛ | 13.98 |
| Fin. Ex. Cred. 13⅝ 86 £ | 15 | 98⅝ | 99⅛ | -0⅛ | 0 | 14.09 |
| Gen. Elec. Co. 12¾ 89 £ | 50 | 95⅝ | 96⅛ | +0⅛ | +0⅛ | 13.47 |
| Nirem Welker 14¼ 86 £ | 25 | 99⅝ | 100⅛ | +0⅛ | +0⅛ | 14.32 |
| Norsk Hydro. 14⅜ 87 £ | 30 | 100⅝ | 101⅛ | -0⅛ | -0⅛ | 14.22 |
| Privatbanken 14⅝ 89 £ | 12 | 98⅛ | 98⅝ | 0 | +0⅛ | 14.86 |
| Quebec 15¾ 87 £ | 35 | 102⅝ | 103⅛ | -0⅛ | -0⅛ | 14.46 |
| Reed (Nd) NV 16¾ 89 £ | 25 | 106 | 106½ | +0⅛ | -0⅛ | 15.09 |
| Royal Trustco 14 86 £ | 12 | 99⅝ | 100⅛ | +0⅛ | +0⅛ | 13.87 |
| SDR France 15¼ 92 £ | 90 | 101⅝ | 102⅛ | 0 | +0⅛ | 15.07 |
| Swed. Ex. Cr. 13½ 86 £ | 20 | 99⅝ | 100 | 0 | +0⅛ | 13.81 |
| Eurofima 10⅞ 87 LuxFr | 500 | 96 | 97 | 0 | 0 | 11.40 |
| EIB 9¾ 88 LuxFr | 600 | 92⅝ | 93⅛ | 0 | +0⅛ | 11.44 |

| FLOATING RATE NOTES | Spread | Bid | Offer | C.dte | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| Allied Irish 5¼ 92 | 0¼ | 98¾ | 98⅞ | 15/10 | 16.69 | 15.91 |
| Bk. of Tokyo 5¼ 91 (D) | 0¼ | 99⅝ | 100 | 6/12 | 15¼ | 15.29 |
| Bk. Nova Scotia 5¼ 93 | 0¼ | 98⅞ | 99⅛ | 29/10 | 15⅛ | 15.26 |
| BFCE 5¼ 88 | 0¼ | 99⅝ | 99⅞ | 28/10 | 15 | 15.08 |
| BFCE 5¼ 87 | 0¼ | 99⅝ | 99⅞ | 27/1 | 14 | 10.11 |
| Caisse Nat. Tele. 5¼ 90 | 0¼ | 99⅝ | 99⅞ | 21/10 | 15⅜ | 15.53 |
| CCCE 5¼ 2002 | 0¼ | 98⅞ | 99⅛ | 11/12 | 15⅜ | 15.59 |
| CEPME 5¼ 92 | 0¼ | 99⅞ | 100⅛ | 10/12 | 15.44 | 15.46 |
| Chemical NY 5¼ 94 | ‡0¼ | 99⅞ | 100⅛ | 23/9 | 16.69 | 16.71 |
| CIBC 5¼ 94 | 0¼ | 98⅞ | 99⅛ | 15/1 | 15¼ | 15.50 |
| Cont. Illinois 5¼ 94 | ‡0¼ | †98⅝ | 98⅞ | 24/9 | 16¼ | 16.60 |
| Credit Agricole 5¼ 97 | 0¼ | 99⅝ | 99⅞ | 24/9 | 15.44 | 15.52 |
| Credit du Nord 5¼ 92 | 0¼ | 99⅞ | 100⅛ | 23/12 | 16.81 | 16.83 |
| Credit Lyonnais 5¼ 97 | 0¼ | 99⅞ | 100 | 1/10 | 16 | 16.04 |
| Credit Lyonnais 5¼ 94 | 0¼ | 100⅛ | 100⅜ | 1/1 | 13.94 | 16.83 |
| Credit Nat. 5¼ 94 | ‡0¼ | 98⅞ | 99⅛ | 3/9 | 16.69 | 14.82 |
| Ireland 5¼ 89/94 | 0¼ | †98¾ | 99⅛ | 25/11 | 14⅞ | 14.97 |
| Kansallis Osake 5¼ 92 | 0¼ | 99 | 99¼ | 6/11 | 15.31 | 15.43 |
| Lloyds Eurofin 5¼ 93 | §0¼ | 99⅞ | 100⅛ | 29/10 | 17⅛ | 17.15 |
| Long Term Cred. 5¼ 92 | 0¼ | 98⅞ | 99⅛ | 29/11 | 14⅝ | 14.79 |
| J. P. Morgan 5¼ 97 | §0¼ | 99 | 99¼ | 12/8 | 14⅝ | 14.74 |
| Nat. West. Fin. 5¼ 91 | §0¼ | 99⅞ | 100⅛ | 15/1 | 15⅛ | 15.27 |
| New Zealand 5¼ 87 | 0¼ | 99⅝ | 100 | 7/10 | 15.56 | 15.60 |
| Nippon Credit 5¼ 90 | 0¼ | 99⅝ | 99⅞ | 10/8 | 16.06 | 16.16 |
| Offshore Mining 5¼ 91 | 0¼ | 99⅝ | 99⅞ | 2/12 | 14.19 | 14.26 |
| PKbanken 5 91 | 0¼ | 99⅞ | 100⅛ | 17/12 | 15.81 | 16.81 |
| Scotland Int. 5¼ 92 | 0¼ | 98⅞ | 99⅛ | 23/9 | 15⅛ | 15.51 |
| Sec Pacific 5¼ 91 | 0¼ | 99⅝ | 100 | 24/11 | 15 | 15.04 |
| Societe Generale 5¼ 95 | 0¼ | 98⅞ | 99⅛ | 1/9 | 15.31 | 15.41 |
| Standard Chart. 5¼ 91 | 0¼ | 98⅝ | 99⅛ | 18/11 | 14⅝ | 15.01 |
| Sweden 5¼ 89 | 0¼ | 99⅝ | 99⅞ | 26/8 | 15.31 | 15.39 |
| Toronto Domin'n 5¼ 92 | 0¼ | 97⅝ | 98⅛ | 11/8 | 16⅛ | 16.71 |

Average price changes . On day 0 on week +0⅛

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| Ajinomoto 5¼ 96 | 7/81 | 933 | 82½ | 84 | -0⅛ | 8.66 |
| Bow Valley Inv. 8 95 | 4/81 | 23.12 | 95 | 96½ | +0⅛ | 61.31 |
| Bridgestone Tire 5½ 96 | 3/82 | 470 | 86⅛ | 87⅝ | -0⅛ | 2.81 |
| Canon 6¾ 95 | 1/81 | 736.3 | 89½ | 91½ | -1½ | 3.35 |
| Canon 7 97 | 7/82 | 748.2 | 99¾ | 101¼ | -0⅛ | 0.75 |
| Chugai Pharm. 7¼ 96 | 7/82 | 709.6 | †108½ | 110 | +0⅛ | 5.36 |
| Fujitsu Fanuc 4¾ 96 | 10/81 | 5641 | 78 | 80 | -8½ | 12.85 |
| Furukawa Elec. 5¼ 96 | 7/81 | 300 | †90 | 91½ | -1½ | -6.79 |
| Hitachi Cable 5¼ 96 | 2/82 | 516 | 84⅛ | 85⅝ | -1⅛ | 3.71 |
| Hitachi Cred. Cpn. 5 96 | 7/81 | 1612 | †73 | 75 | -2 | 12.47 |
| Honda Motor 5½ 97 | 3/82 | 941 | 86½ | 88 | -1½ | 8.20 |
| Kawasaki 5½ 96 | 8/81 | 229 | 65 | 66½ | -0⅛ | 23.40 |
| Marui 8 96 | 7/81 | 846.4 | 97½ | 99½ | -0⅛ | 5.71 |
| Minolta Camera 5 96 | 10/81 | 826.6 | †60½ | 62 | -1 | 30.60 |
| Minorco 9¾ 97 | 5/82 | 6.15 | †84 | 86 | -1 | 13.06 |
| Murata 5½ 96 | 7/81 | 2168 | 67½ | 69 | -2 | 30.20 |
| NKK 6½ 96 | 7/81 | 198 | 76½ | 77½ | -0⅛ | -20.34 |
| Nippon Electric 5½ 97 | 2/82 | 846 | 88½ | 90½ | -2½ | 9.42 |
| Orient Finance 5¼ 97 | 3/82 | 1206 | 88 | 90½ | -0⅛ | 9.46 |
| Sanyo Electric 5 96 | 10/81 | 652 | †62 | 63½ | -1½ | 14.38 |
| Sumitomo Elec 5¼ 97 | 3/82 | 577.3 | 85½ | 87 | -2½ | 9.24 |
| Sumitomo Met. 5¼ 96 | 10/81 | 296.1 | 61½ | 62½ | +0⅛ | 42.40 |
| Swiss Bk. Cpn. 6¼ 90 | 9/80 | 191 | 73 | 75 | 0 | 30.18 |
| Konishiroku 6¼ 88 DM | 6/82 | 615 | 102½ | 103½ | +0⅛ | 17.13 |
| Mitsubishi N. 8 89 DM | 2/82 | 263 | 88½ | 89½ | -0⅛ | 31.54 |

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.



# NORTH AMERICAN QUARTERLIES

| CONSOLIDATED EDISON | 1982 $ | 1981 $ |
|---|---|---|
| Second quarter | | |
| Revenue | 1.1bn | 1.16bn |
| Net profits | 87.85m | 80.56m |
| Net per share | 0.61 | 0.58 |
| Six months | | |
| Revenue | 2.43bn | 2.36bn |
| Net profits | 214.0m | 160.7m |
| Net per share | 1.53 | 1.11 |

| CROWN CORK & SEAL | 1982 $ | 1981 $ |
|---|---|---|
| Six months | | |
| Revenue | 888.8m | 895.1m |
| Net profits | 27.23m | 38.38m |
| Net per share | 1.88 | 2.83 |

| EATON CORPORATION | 1982 $ | 1981 $ |
|---|---|---|
| Second quarter | | |
| Revenue | 711.0m | 880.2m |
| Net profits | 28.77m | 31.22m |
| Net per share | 1.01 | 1.15 |
| Six months | | |
| Revenue | 1.49bn | 1.64bn |
| Net profits | 42.72m | 31.89m |
| Net per share | 1.51 | 1.17 |

| KELLOGG | 1982 $ | 1981 $ |
|---|---|---|
| Second quarter | | |
| Revenue | 593.5m | 592.7m |
| Net profits | 57.0m | 50.9m |
| Net per share | 0.74 | 0.67 |
| Six months | | |
| Revenue | 1.21bn | 1.17bn |
| Net profits | 116.7m | 105.2m |
| Net per share | 1.55 | 1.38 |

| LOBLAW COMPANIES | 1982 $ | 1981 $ |
|---|---|---|
| Second quarter | | |
| Revenue | 1.45bn | 1.33bn |
| Net profits | 10.11m | 8.52m |
| Net per share | 0.24 | 0.23 |
| Six months | | |
| Revenue | 2.82bn | 2.62bn |
| Net profits | 17.7m | 15.8m |
| Net per share | 0.41 | 0.37 |

| LTV CORPORATION | 1982 $ | 1981 $ |
|---|---|---|
| Second quarter | | |
| Revenue | 1.36bn | 1.97bn |
| Net profits | †16.8m | 125.0m |
| Net per share | †0.39 | 2.67 |
| Six months | | |
| Revenue | 3.05bn | 3.72bn |
| Net profits | 1.5m | 173.3m |
| Net per share | 0.02 | 3.73 |
| † Loss | | |

| LUBRIZOL | 1982 $ | 1981 $ |
|---|---|---|
| Second quarter | | |
| Revenue | 220.7m | 240.8m |
| Net profits | 13.59m | 25.11m |
| Net per share | 0.34 | 0.67 |
| Six months | | |
| Revenue | 422.5m | 485.1m |
| Net profits | 29.19m | 50.24m |
| Net per share | 0.74 | 1.29 |

| MANVILLE CORPORATION | 1982 $ | 1981 $ |
|---|---|---|
| Second quarter | | |
| Revenue | 515.0m | 573.8m |
| Net profits | †18.91m | 11.38m |
| Net per share | †1.10 | 0.22 |
| Six months | | |
| Revenue | 963.7m | 1.10bn |
| Net profits | †25.10 | 26.29m |
| Net per share | †1.59 | 0.59 |
| † Loss | | |

| MASCO CORPORATION | 1982 $ | 1981 $ |
|---|---|---|
| Second quarter | | |
| Revenue | 219.0m | 227.0m |
| Net profits | 23.7m | 22.6m |
| Net per share | 0.92 | 0.89 |
| Six months | | |
| Revenue | 433.0m | 453.5m |
| Net profits | 47.8m | 44.2m |
| Net per share | 1.87 | 1.73 |

| MESA PETROLEUM | 1982 $ | 1981 $ |
|---|---|---|
| Second quarter | | |
| Revenue | 99.6m | 100.9m |
| Net profits | 35.83m | 26.07m |
| Net per share | 0.48 | 0.35 |
| Six months | | |
| Revenue | 204.0m | 204.5m |
| Net profits | 69.11m | 53.82m |
| Net per share | 0.91 | 0.78 |

| NEW YORK TIMES | 1982 $ | 1981 $ |
|---|---|---|
| Second quarter | | |
| Revenue | 238.1m | 210.0m |
| Net profits | 15.0m | 14.0m |
| Net per share | 1.19 | 1.13 |
| Six months | | |
| Revenue | 463.6m | 405.0m |
| Net profits | 33.9m | 26.2m |
| Net per share | 2.70 | 2.11 |

| NORTHEAST UTILITIES | 1982 $ | 1981-82 $ |
|---|---|---|
| Six months | | |
| Revenue | 918.9m | 831.5m |
| Net profits | 75.35m | 48.59m |
| Net per share | 0.81 | 0.66 |
| Year | | |
| Revenue | 1.74bn | 1.52bn |
| Net profits | 123.9m | 95.72m |
| Net per share | 1.54 | 1.40 |

| NORTHERN TELECOM | 1982 $ | 1981 $ |
|---|---|---|
| Second quarter | | |
| Revenue | 790.8m | 641.6m |
| Net profits | 42.2m | 35.3m |
| Net per share | 1.20 | 1.02 |
| Six months | | |
| Revenue | 1.51bn | 1.23bn |
| Net profits | 80.5m | 56.2m |
| Net per share | 2.30 | 1.70 |

| PENNZOIL | 1982 $ | 1981 $ |
|---|---|---|
| Second quarter | | |
| Revenue | 588.7m | 672.1m |
| Net profits | 44.8m | 59.1m |
| Net per share | 0.85 | 1.13 |
| Six months | | |
| Net profits | 84.7m | 119.3m |
| Net per share | 1.61 | 2.27 |

| PHILADELPHIA ELECTRIC | 1982 $ | 1981 $ |
|---|---|---|
| Second quarter | | |
| Revenue | 592.6m | 543.6m |
| Net profits | 63.24m | 58.48m |
| Net per share | 0.42 | 0.46 |
| Year | | |
| Revenue | 2.59bn | 2.29bn |
| Net profits | 303.4m | 258.0m |
| Net per share | 2.30 | 2.18 |

| SMITH INTERNATIONAL | 1982 $ | 1981 $ |
|---|---|---|
| Second quarter | | |
| Revenue | 288.4m | 289.7m |
| Net profits | 25.11m | 30.94m |
| Net per share | 1.10 | 1.35 |
| Six months | | |
| Revenue | 608.6m | 551.6m |
| Net profits | 60.85m | 55.49m |
| Net per share | 2.66 | 2.42 |

| SOUTHERN COMPANY | 1982 $ | 1981-82 $ |
|---|---|---|
| Six months | | |
| Revenue | 2.34bn | 2.00bn |
| Net profits | 193.8m | 123.4m |
| Net per share | 1.00 | 0.71 |
| Year | | |
| Revenue | 4.59bn | 4.14bn |
| Net profits | 396.4m | 351.0m |
| Net per share | 2.08 | 2.12 |

| TEXAS INSTRUMENTS | 1982 $ | 1981 $ |
|---|---|---|
| Second quarter | | |
| Revenue | 1.09bn | 1.08bn |
| Net profits | 35.9m | 10.5m |
| Net per share | 1.56 | 0.44 |
| Six months | | |
| Revenue | 2.17bn | 2.12bn |
| Net profits | 64.5m | 44.7m |
| Net per share | 2.73 | 1.91 |

| UNITED ENERGY RESOURCES | 1982 $ | 1981 $ |
|---|---|---|
| Second quarter | | |
| Revenue | 1.38bn | 1.27bn |
| Net profits | 54.25m | 53.91m |
| Net per share | 1.95 | 1.94 |
| Six months | | |
| Revenue | 2.96bn | 2.54bn |
| Net profits | 116.5m | 109.3m |
| Net per share | 4.26 | 3.93 |

| UNITED ILLUMINATING | 1982 $ | 1981-82 $ |
|---|---|---|
| Six months | | |
| Revenue | 219.8m | 221.7m |
| Net profits | 30.43m | 20.97m |
| Net per share | 2.54 | 1.85 |
| Year | | |
| Revenue | 448.1m | 411.7m |
| Net profits | 58.98m | 39.15m |
| Net per share | 4.91 | 3.52 |

| WARNER-LAMBERT | 1982 $ | 1981 $ |
|---|---|---|
| Second quarter | | |
| Revenue | 847.0m | 826.7m |
| Net profits | 49.43m | 39.75m |
| Net per share | 0.62 | 0.50 |
| Six months | | |
| Revenue | 1.66bn | 1.72bn |
| Net profits | 90.77m | †57.73m |
| Net per share | 1.14 | †0.72 |
| † Loss | | |

# Peugeot to cut spending after profit hopes setback

BY DAVID WHITE IN PARIS

THE PEUGEOT motor group has scaled down its investment plans for next year by 20 per cent after a series of setbacks to its hopes for an early return to profit.

The cuts, amounting to some FFr 1bn ($150m), will affect non-priority investment programmes at French and foreign subsidiaries. At the same time, the group—which makes Peugeot, Citroen and Talbot cars—aims to save "several hundred million francs" on its general operating costs.

M Jean-Paul Paravre, Peugeot chairman, has indicated, however, that new model launches programmed for this year, 1983 and 1984 will go ahead as scheduled. A question mark bangs over 1985 and 1986 launches if the car market remains depressed.

The group is pressing ahead with new models in a bid to win back market shares which have been whittled away since Peugeot-Citroen took over Chrysler's European operations in 1978. Following the recent introduction of the small Talbot Samba, a revised series of Talbot Horizons, including diesel-powered versions, is planned, along with the Peugeot 205, which is due to be unveiled next spring.

The group, which plunged into the red in 1980 with a loss of FFr 1.5bn, and which suffered an even heavier deficit of just under FFr 2bn last year, has recently shown improved performances, with a 5.5 per cent increase in the number of cars sold in the first five months of the year.

But its hopes for a return to profit by 1983 have been put back by the extra cost of France's reduced working week, the extension of annual holidays, and by strikes.

# La Centrale shares up sharply

BY JAMES BUXTON IN ROME

SHARES IN La Centrale, the financial holding company which is controlled by the troubled Banco Ambrosiano, rose 27 per cent on the Milan Stock Exchange yesterday.

The rise came amid the first sustained general upturn in share prices since the market collapsed early in June, with the onset of the Banco Ambrosiano affair. With yesterday's rise of 4 per cent, share prices have gone up nearly 10 per cent in the first three days of this week.

While it is too early to talk of a general recovery of confidence, it is believed that the future of Banco Ambrosiano will, as far as Italy is concerned soon become clearer.

La Centrale is 47.5 per cent owned by Banco Ambrosiano, and controls three of Ambrosiano's most successful subsidiaries, the Banca Cattolica del Veneto, Credito Varesino, and the Toro insurance company. This week, it has been pointed out that on a conservative assessment, the net asset value per share of La Centrale is about twice the stock exchange quotation at the beginning of this week.

The possibility of access to La Centrale's assets was an attraction for the six banks, which came together to form a resuce consortium for Banco Ambrosiano.

The banks, led by Banca Nazionale del Lavoro, have been discussing with the Bank of Italy what form their participation in Banco Ambrosiano should take. Discussion is believed to have centred on whether the bank's capital should be liquidated and then reconsituted, or whether part of the equity of the bank should be reserved for existing shareholders. So far, no firm decisions have been disclosed.

# French state funding buoyant

BY OUR PARIS STAFF

FRENCH public sector enterprises, which have become one of the largest single groups of borrowers on the international capital markets, are expected to slacken fund-raising considerably in the second half of the year.

Officials at the Finance Ministry in Paris say that France raised about FFr 36bn ($5.3bn) through operations on foreign bond and credit markets in the first half.

This is well over half the overall $8bn to $9bn financing requirement foreseen for the whole year, which should allow a more moderate pace of borrowing in coming months.

Borowing during the whole of 1982, however, will still be well up on 1981, when France raised FFr 40bn, and on 1980, when the total was FFr 23bn. Overall foreign debt through capital market borrowings was put at around FFr 155bn as of the end of 1981.

In view of the growing current account deficit the weakness of the franc and the ubiquity of French borrowers this year, a slightly lower profile in the second half will undoubtedly protect the country's credit rating.

Official figures just released—following the publication of a record trade deficit in June—put the current account deficit in the first half of the year at FFr 32.8bn. This compares with a deficit for the whole of 1981 of FFr 26.1bn, itself well up on FFr 17.6bn in 1980.

The sharp fall of the franc this year, particularly in terms of the dollar, has undoubtedly added sizeably to the debt servicing burdens of many big French borrowers.

Electricite de France, the state electricity utility and one of the largest foreign borrowers, has already disclosed a serious prospective increase in losses this year partly caused by the cost of repaying foreign debt.

# Banco Central takes control of Internacional

By Tom Burns in Madrid

BANCO CENTRAL has acquired a majority holding in the Banco Internacional de Comercio in a takeover that consolidates Central's position as the largest Spanish bank in deposit terms. It is understood that Central has bought 70 per cent of Internacional's shares from its board.

Internacional announced pre-tax profits of Pta 600m ($5.4m) in 1981, an increase of Pta 72m on the previous year.

Central now has a Pta 65bn margin over Banesto in deposits following the Internacional takeover.

# Dutch machinery group seeks debt moratorium

BY WALTER ELLIS IN AMSTERDAM

DUTCH engineering equipment group, Vihamij-Buttinger, is threatened with closure and seeking a court order granting it a moratorium of debt payments.

Last year, Vihamij lost Fl 10.6m ($3.9m) and in the first four months of this year recorded further loss of Fl 4.5m—Fl 2.2m above forecast. Total debt now amounts to more than Fl 65m.

Application for a moratorium on payments was made necessary by a decision of the Nederlandsche Credietverzekering-maatschappij (NCM), one of the leading insurance companies, not to grant further credit. If the application is successful, receivers are likely to be installed, charged with the restoration of the company to good health within a given period, perhaps six months.

Vihamij, which mainly supplies machinery and other materials to the construction industry, includes Philips among its list of investors and has a declared capital of Fl 17.3m. It has been losing ground for several years against a background of a continuing recession in the construction industry in Holland.

Vihamij was recently the subject of a takeover bid by the Swedish group, Ahlsell.

# Banks set to take stake in Telefunken

By Kevin Done in Frankfurt

LEADING West German banks are expected to take up a substantial equity stake in Telefunken, the heavily loss-making consumer electronics subsidiary of AEG, as part of the takeover that is being negotiated with Grundig, West Germany's leading consumer electronics group.

Details of the deal are still to be finalised and negotiations could last several months, but the model favoured by Grundig could leave the banks holding as much as 49 per cent of the Telefunken equity.

Earlier this week, Grundig and AEG said in a joint statement that the two companies had agreed that Grundig would take a direct stake in Telefunken, and would assume full management control.

In the deal currently under discussion, Grundig would take a direct equity stake of 26 per cent with AEG continuing to hold 25 per cent. The remaining 49 per cent would be taken up by AEG's major bankers.

Despite earlier indications from Bonn and from AEG, it emerged yesterday that AEG's banking consortium has still not finally approved the terms and conditions for the emergency liquidity injection totalling around DM 275m ($113.2m).

Around DM 150m has already been made available to AEG by the consortium leadership, but the banks are still arguing over individual quotas and the terms of certain loan securities.

The readiness of the banks to provide the DM 275m in new liquidity is the chief condition for Bonn granting crucial loan guarantees totalling DM 600m to cover certain major AEG export contracts.

# Belgian bank bids for rest of engineer

By Charles Merritt in Brussels

SOCIETE Generale de Belgique, Belgium's sprawling industrial and financial group, has launched a bid that could cost up to BFr 300m ($10.8m) to secure control of Laura and Vereeniging, a major Belgo-Dutch engineering company.

"La Generale" has for some time been the single largest shareholder in Laura and Vereeniging, with a stake of 32 per cent, but as part of its current strategy to secure outright control of subsidiaries in what it sees as key business sectors, it has decided to buy the outstanding major equity bloc and to launch a public offer in both Belgium and the Netherlands.

It is therefore buying the 14.3 per cent holding in Laura and Vereeniging that was held by the Cotoni group for BFr 12,000 a share, while at the same time selling Cotoni a 33.8 per cent stake in S.A. des Charbonnages de Monceau-Fontaine. Private shareholders in Laura and Vereeniging are also to be offered BFr 12,000 a share.

# Drug sales boost Sanraku and Kyowa Hakko profits

BY YOKO SHIBATA IN TOKYO

KYOWA HAKKO and Ssnraku Ocean, two leading Japanese manufactures of liquors, chemicals ond pharmaceutical products using fermentation processes, lifted nnconsolidated earnings in the first half ended June. The companies benefited from stable drug prices in the country's National Health Insurance scheme after government-mandated cuts a year earlier and from sales of profitable newly-developed drugs.

Kyowa Hakko's half-year net profits were Y2.43bn ($9.6m)—up by 34.6 per cent—on sales of Y106.18bn ($421m)—up 8.6 per cent.

Drug sales rose by 16 per cent to account for 37 per cent of the total, reflecting the introduction of new antibiotics.

Sales of liquor rose by 10 per cent, helped by a new distilled spirit "Genkai."

In the current half-year ending December the prices of NHI drugs are expected to be cut by several percentage points. However, the company expects a 5 per cent growth in full-year turnover to Y217bn from higher sales of the antibiotic "Sagamicine" and of liquors. Net profits are forecast at Y5.1bn, up by 21.7 per cent.

Sanraku Ocean, which has the largest share of the wine market and is a producer of alcoholic drinks, chemicals and pharmaceuticals, increased unconsolidated half-year net profits by 18.9 per cent to Y465m ($1.85m) on sales of Y27.58bn, up 7.3 per cent.

The company, which has close ties with Ajinomoto, a leading food group, said sales of liquor rose by 15.2 per cent to account for 37 per cent of the total. Sales of chemicals including drugs rose 11 per cent to account for 16.6 per cent of the total, thanks to a newly introduced snti-uleer drug. Sales of animal feed declined by 7 per cent to account for 16 per cent of the total, reflecting a squeeze on farming in Japan.

In the half year ending December, higher sales of liquors and a sales recovery of feedstuff are expected. As a result, full year sales are expected to increase by 7.4 per cent to Y57.3bn. Operating profits are expected to reach Y2.3bn, up by 16.4 per cent, and profits are projected at Y875m, up by 1.5 per cent.

# Currency losses depress Toray

By Our Financial Staff

TORAY INDUSTRIES, Japan's largest maker of synthetic fibres, reports a 35.5 per cent fall in consolidated net profits to Y16.64bn ($66m) for the year ended March despite a 12 per cent sales rise to Y734.55bn ($2.92bn).

The fall in net profits at the parent company level, reported earlier, was only 13 per cent to Y10.74bn on sales ahead 4.9 per cent to Y556.8bn.

The more marked decline at the consolidated level was blamed on foreign currency losses.

The company said that the rise in consolidated sales were inflated by the first time inclusion of two subsidiaries in Hong Kong and Malaysia. Without them, total sales would have risen only 4 per cent.

# Sappi income maintained at halfway stage

By Our Johannesburg Correspondent

SAPPI, South Africa's largest paper manufacturer, was hit by the country's economic slowdown in the six months ended June 30. Sales volume was 8 per cent down on the first half of 1981 and it was not possible to increase selling prices to recover fully cost increases.

First-half turnover rose by 17.1 per cent to R230.6m (US$200m) from R196.9m, but operating profits before tax and interest payments increased only slightly to R36.2m from R36m. In 1981, total turnover was R403.1m and operating profit R76.5m.

During the six months sales were affected by de-stocking by customers. Mr Basil Landau, the chairman, believes that this de-stocking phase is nearing completion, and says that this year's earnings and dividends per share are not expected to be less than in 1981.

The directors say that good progress is being made on the R500m expansion project which will increase its paper-making capacity from its present 600,000 tonnes to 860,000 tonnes by 1985. Construction is running ahead of schedule and despite the fall in the exchange rate of the rand, the expansion is expected to be completed within the originally budgeted cost.

An unchanged interim dividend of 25 cents has been declared though first-half earnings fell to 93.7 cents from 97.2 cents a share in 1981. Earnings for the whole of 1981 were 217 cents a share and a total dividend of 86 cents was paid.

# Nippon Steel's group results show sharp fall

BY OUR FINANCIAL STAFF

NIPPON STEEL, the world's largest steelmaker, reports a 21 per cent fall in consolidated net income in the year ended March 31, to Y58.6bn ($232m) from Y74.1bn a year earlier. Sales slipped 0.3 per cent, to Y3.281bn from Y3,289bn. Earnings per share were Y8.95 against Y11.37 previously.

The profits decline mirrored the parent company's results which, as previously reported, showed that unconsolidated net profits slumped 31.2 per cent to Y56bn on sales down 0.3 per cent at Y3,102bn.

Nippon Steel earlier had blamed the drop in unconsolidated net on higher costs, particularly for raw materials and energy.

● Nippon Electric, Japan's largest telecommunications and computer equipment maker, has reported that consolidated net income rose 26 per cent in the year ended March to Y27.9bn ($110.7m) from Y22.14bn a year earlier. Sales rose 19.2 per cent to Y1,252bn ($4.97bn) from Y1,051bn.

The company expects net profits to rise by 14.7 per cent to Y32bn on sales ahead by about 14.2 per cent to Y1,430bn.

Exports outperformed domestic sales, rising 28.3 per cent to Y406.89bn. Domestic sales to the public sector increased 8 per cent to Y228.37bn

Exports accounted for 32.5 per cent of total sales, up from 30.2 per cent the year before.

NEC previously said its unconsolidated net grew 18.2 per cent to Y21.92bn on sales 18.1 per cent higher at Y1,054bn.

# Bank of East Asia ahead

By Robert Cottrell in Hong Kong

HONG KONG's Bank of East Asia has reported disclosed after-tax profits of HK$48.3m (U.S.$8.2m) at the interim stage, up a fifth on last year's corresponding HK$40.2m. The bank, whose announcement leads off Hong Kong's interim results season, is often regarded as a bellwether for the sector and brokers said that the increase, though slower than the 38 per cent year-on-year rise reported last February, full-year figures, was satisfactory.

An interim dividend of 25 cents a share is proposed, against an adjusted 20 cents last year. For the full year, the directors say dividends will at least equal last year's

The bank's disclosed after-tax profits for the whole of 1981 totalled HK$121.6m

# APICORP earnings for year show 51% increase

BY RICHARD JOHNS

THE Arab Petroleum Investments Corporation (APICORP) increased net profits in 1981 to SR 163.6m ($47.83m), up 51 per cent on SR 108.5m earned in 1980.

This represented a return of 9.2 per cent of shareholders funds worth SR 1.78bn ($520m) up 18 per cent over the end-1980 level.

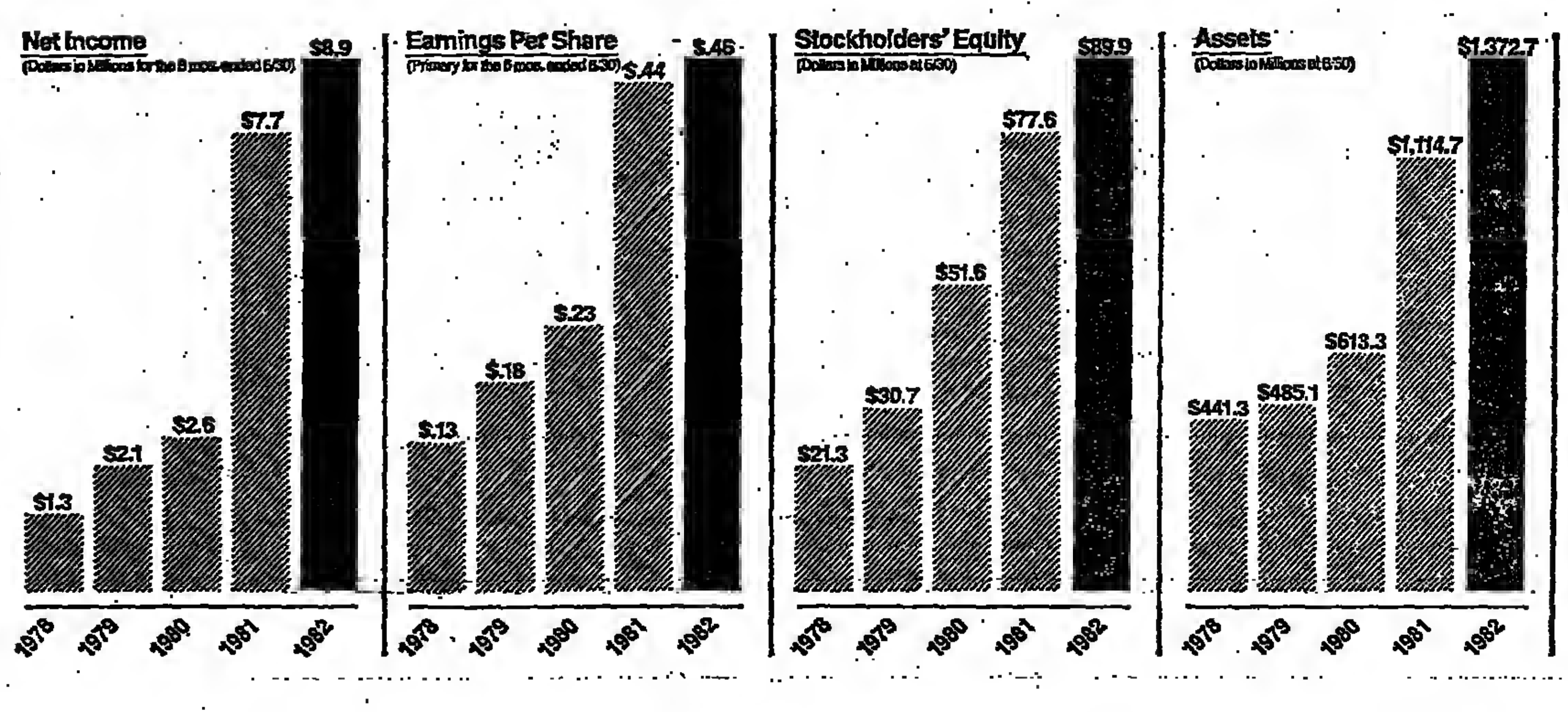
APICORP, established in Saudi Arabia in 1974 to finance petroleum-related projects, is one of the ventures of the 10-member Organisation of Arab Petroleum Exporting Countries.

At year-end 1981, some SR 176bn of its assets were in treasury investments, certificates of deposits, and bank deposits. But project-related investments and equity participation rose to SR 574.8bn ($168m), or 36 per cent of assets, compared with SR 519m, or 35 per cent at the end of 1980.

APICORP raised its equity participation petroleum projects, particularly in the Arab world, to $88m.














VONTOBEL EUROBOND INDICES

14.5.76 = 100%

| PRICE INDEX | 20.7.82 | 27.7.82 | AVERAGE YIELD | 20.7.82 | 27.7.82 |
|---|---|---|---|---|---|
| DM Bonds | 95.38 | 96.38 | DM Bonds | 9.262 | 9.244 |
| HFL Bonds & Notes | 97.79 | 97.68 | HFL Bonds & Notes | 10.276 | 10.360 |
| U.S. $ Strt. Bonds | 88.41 | 89.05 | U.S. $ Strt. Bonds | 14.418 | 14.275 |
| Can. Dollar Bonds | 88.12 | 89.34 | Can. Dollar Bonds | 16.088 | 16.004 |

BANCO DE CHILE

U.S.$35,000,000 Floating Rate Notes due 1986

In accordance with the provisions of the Notes notice is hereby given that the Rate of Interest for the next Interest Period has been fixed at 14$\frac{9}{16}$% per annum. The Coupon Amount will be U.S.$74.84 in respect of U.S.$1,000 denomination and U.S.$748.35 in respect of U.S.$10,000 denomination and will be payable on 31st January, 1983, against surrender of Coupon No. 7.

29th July, 1982
Manufacturers Hanover Limited
Reference Agent

# WORLD STOCK MARKETS

## NEW YORK

| Stock | July 27 | July 26 |
|---|---|---|
| Carnation | 35¾ | 35¾ |
| Carp Tech | 30⅛ | 30¼ |
| Carter Hawley | 12¼ | 12¼ |
| Caterpillar | 38¼ | 37¾ |
| Celanese Corp. | 43¾ | 43½ |
| Centel | 28¾ | 29¾ |
| Centex | 21½ | 21⅞ |
| Central & Sw | 15½ | 15⅝ |
| Central Soya | 10⅝ | 10⅝ |
| Certain-teed | 11½ | 11⅛ |
| Cessna Aircraft | 14⅝ | 14½ |
| Champ Home Bld | 3¼ | 3⅛ |
| Champ Int. | 12⅞ | 13¼ |
| Champ Sp Plug | 7⅝ | 7¼ |
| Charter Co | 7⅛ | 7½ |
| Chase Manhatt'n | 35¾ | 35½ |
| Chemical NY | 27⅝ | 27½ |
| Chesebr Pond | 33¼ | 32½ |
| Chicago Pneum. | 12⅛ | 12¼ |
| Chrysler | 7⅝ | 7⅜ |
| Chubb | 35¼ | 36½ |
| Cigna | 33⅞ | 33½ |
| Cincinnati Mil. | 22½ | 22½ |
| Citicorp | 24⅞ | 24¾ |
| Cities Service | 54¾ | 54½ |
| City Invest. | 19⅛ | 19¾ |
| Clark Equipment | 19½ | 19½ |
| Cleve Cliffs Iron | 17 | 17 |
| Clorox | 14½ | 14½ |
| Cluett Peaby | 15½ | 16¼ |
| Coca Cola | 37⅝ | 37½ |
| Colgate Palm | 17½ | 17½ |
| Collins Aikman | 13½ | 13⅞ |
| Colt Inds | 23½ | 23½ |
| GAF | 10¼ | 10½ |
| GATX | 21¾ | 22½ |
| GTE Corp. | 28¼ | 28¾ |
| Gannett | 35½ | 36½ |
| Gelco | 16⅝ | 16¾ |
| Gen Am Invest | 14⅞ | 14⅞ |
| Gen Cinema | 44¾ | 45 |
| Gen Dynamics | 30½ | 31¼ |
| Gen Electric | 66⅜ | 67½ |
| Gen Foods | 37¾ | 37¾ |
| Gen Instruments | 38 | 38⅝ |
| Gen Mills | 44⅝ | 45½ |
| Gen Motors | 43¾ | 45⅜ |
| Gen Pub Utilities | 5⅝ | 5⅜ |
| Gen Signal | 35 | 35¼ |
| Gen Tire | 22½ | 22¾ |
| Genesco | 4 | 4⅛ |
| Genuine Parts | 33½ | 33⅝ |
| Georgia Pac. | 16 | 15⅞ |
| Geosource | | 43½ |
| Gerber Prod. | 30 | 30¼ |
| Getty Oil | 48⅜ | 48⅜ |
| Giddings Lewis | 29⅞ | 29⅞ |
| Gillette | 37¾ | 37½ |
| Global Marine | 9½ | 9½ |
| Goodrich (BF) | 17¼ | 17⅝ |
| Goodyear Tire | 23½ | 23¾ |
| Gould | 21 | 21 |
| Grace | 32½ | 33 |
| Grainger W.W. | 36 | 36¼ |
| Mac. | 36¾ | |
| Mfcrs Hanover | 28 | |
| Manville Corp. | 10⅝ | |
| Mapco | 28½ | |
| Marine Mid | 15⅝ | |
| Marriott | 37⅛ | |
| Marsh McLenn. | 33½ | |
| Martin Mtta | 34½ | |
| Maryland Cup | 35⅝ | |
| Masco | 34½ | |
| Massey Fergn. | 1⅜ | |
| Mass Multi.Corp. | 17⅝ | |
| Mattel | 15¾ | |
| May Dept. Strs. | 26½ | |
| Maytag | 28½ | |
| McCulloch | 8 | |
| McDermott (JR) | 17 | |
| McDonalds | 74⅝ | |
| McDonnell Doug | 38⅜ | |
| McGraw Edison | 36½ | |
| McGraw-Hill | 50⅝ | |
| McLean Trukg | 17 | |
| Mead | 16½ | |
| Media Genl | 36⅝ | |
| Medtronic | 38½ | |
| Mellon Natl | 31¾ | |
| Melville | 47 | |
| Mercantile Sts. | 68½ | |
| Merck | 69 | |
| Meredith | 59½ | |
| Merrill Lynch | 25⅝ | |

# Dow Average 4.6 lower at 1pm

WORRIES ABOUT the outlook for U.S. interest rates and the economy kept Wall Street on a downward path yesterday morning in another fair business.

The Dow Jones Industrial Average was 4.66 lower at 818.11 by 1 pm, while the NYSE All Common Index dipped 58 cents to $82.25. Declines outpaced advances by a nine-to-three ratio following a volume of 34.88m shares, against Tuesday's 1pm level of 34.31m.

Analysts said both bonds and stocks are under pressure from concern about the size of the U.S. Treasury quarterly refunding plans, due to be announced after yesterday's stock market close.

Federal Reserve chairman Paul Volcker said he expects the Treasury will borrow about $100bn over the rest of the year to finance the Budget deficit. Analysts said heavy Treasury borrowing could renew upward pressure on interest rates.

Also weighing on the market was Congressional Budget Office director Alice Rivlin's statement that the recession has not ended and that her office does not expect a vigorous recovery.

The FTC's decision to seek a preliminary injunction blocking Gulf Oil's proposed merger with Cities Service caused a fall in Oil stocks that have been the subject of takeover speculation in the past.

Stocks that fell on the FTC's decision included Kerr-McGee, off 2½ to $26⅛ in heavy trading, Superior, ⅞ to $26¼, and Pennzoil, 1½ to $27¼.

Oil stocks were also depressed by the string of poor second-quarter earnings reported by most of the major oil companies. Exxon shed ⅛ to $26⅞ in heavy trading, Atlantic Richfield ⅞ to $36⅞ and Texaco $1 to $27.

Xerox shed $1 to $28⅞ after losing 1½ on Tuesday. The company has reported lower-than-expected profits.

Closing prices for North America were not available for this edition.

THE AMERICAN SE Market Value Index retreated 2.39 to 251.83 at 1 pm. Volume 2.13m shares.

## Canada

Resources issues led markets mainly lower in moderate early trading. The Toronto Composite Index was down 13.8 more at 1,427.8 at mid-session. Thirteen of the 14 indices were lower as Metals and Minerals fell 23.3 to 1,321.3, Golds 17.6 to 1,773.4 and Oil and Gas 23.1 to 2,414.3.

On the actives list, Noranda Mines shed ¼ to C$13¼, Gulf Canada ⅛ to C$14, INCO ⅛ to C$10⅛ and Mitel ⅛ to C$22½.

## Tokyo

There was early buying interest due to yesterday being the first day of margin trading for August deliveries. However, the market tone softened after an initial improvement, leaving shares mixed to easier again on balance. Uncertainty over the yen-dollar rate, U.S. interest rates and the trend on Wall Street remained a dampening influence.

The Nikkei-Dow Jones Average was a net 5.45 easier at 7,192.59 and the Tokyo SE index off 0.76 at 531.49. Trading volume picked up to 330m shares from Tuesday's modest level of 220m.

Light Electricals, Computer Makers, Constructions, Oils, Steels, Non-ferrous Metals and Motors ended easier-inclined on light selling, but some Pharmaceuticals, Textiles, Foods, and a few Blue Chips recorded advances.

Sony lost Y5 to Y3,160, Nippon Electric Y8 to Y762, Fujitsu Y5 to Y765, Hitachi Y2 to Y561, Nissan Motor Y8 to Y733, Matsushita Electric Y10 to Y1,010 and Teikoku Oil Y7 to Y883.

## Germany

With investors generally keeping to the sidelines due mainly to continuing uncertainty over U.S. interest rates, stocks tended to ease afresh in thin dealings. The Commerzbank index slipped 2.0 to 684.6.

Commerzbank, due shortly to publish first-half 1982 results, shed DM 0.20 to DM 132.80, while Dresdner Bank lost DM 1 to DM 137.

Motors provided firm exceptions, BMW gaining DM 2.50 at DM 205.80 and Volkswagen DM 1.20 at DM 145.20.

Lufthansa, benefiting from prospects of higher air fares, saw their ordinary shares rise DM 2.80 to DM 69.30 and the preference shares DM 1.50 to DM 73.50.

## Hong Kong

Continuing worries over the Colony's political future and the fresh decline on Wall Street overnight further depressed Hong Kong markets yesterday in moderate trading.

The Hang Seng Index ended 21.34 weaker at 1,233.13, its lowest level since April 22. Turnover totalled HK$151.32m in the short Wednesday session, compared with only HK$146.71m registered in the full day's trade on Tuesday.

Brokers expressed concern over the fact that the index slipped so easily through what they considered to be a support level at 1,250. Few were willing to hazard a guess as to what the bottom might be on this market, but several said that it would take a fresh batch of bad news to move the index to below the 1,200 mark.

Among the leaders, Jardine Matheson, Whampoa, and Hutchison Whampoa, HK$16.60, shed 30 cents apiece, while Swire Pacific "A" lost 40 cents to HK$11.10 and Cheung Kong the same amount to HK$14.20.

Elsewhere, Carrian Investments declined 7.5 cents to HK$3.425, Pan'l Y 10 cents to HK$6.00, Swire Properties 20 cents to HK$7.25 and World International 17.5 cents to HK$2.625.

## Australia

Lower overnight prices on the London Metals Exchange and a weaker Gold Bullion price drove the Mining sector further down yesterday. The Oil and Gas sector also remained depressed, but Industrials were no worse than mixed.

After moderate trading, the All Ordinaries index was 4.6 lower at 570.4, while Metals and Minerals receded 9.6 to 344.2 and Oil and Gas 10.1 to 416.9.

BHP retreated 12 cents to A$7.08, while among Minings, CRA fell 13 cents to A$3.12, MIM 10 cents to A$2.82, Western Mining 14 cents to A$3.00, Broken Hill 9 cents to A$1.55, Pancontinental 10 cents to A$1.40, ERA 4 cents to A$1.53 and Bougainville 3 cents to A$1.23.

In the Oil and Gas sector, Santos dipped 18 cents to A$4.86, Vamgas 10 cents to A$6.70 and Hartogen 7 cents to A$1.88, but Bridge Oil picked up 5 cents to A$2.45.

## Paris

A widespread retreat took place in continued quiet trading, leaving the Indicateur de Tendance index 1.6 weaker at 111.4.

Dealers said there were no new significant factors influencing the market, and that the downward trend in Paris was largely a reflection of lower share prices on Wall Street and other international stock markets.

Only the Banking sector showed some signs of resistance to the downtrend.

CIT-Alcatel declined FFr 9 to FFr 716 in Electricals, while Oils had Cie Francaise des Petroles down FFr 4.50 to FFr 101.50.

## Johannesburg

Gold shares continued to weaken with the Bullion price in fairly active trading and closed at the day's lows. Heavyweight losses ranged to R2.50, as to Buffelsfontein, R29.50.

Among Mining Financials, Amgold lost R2 to R70, but Anglos was down only 5 cents at R12.30 after touching R12.20.

## CANADA

| Stock | July 27 | July 26 |
|---|---|---|
| AMCA Intl. | 16⅞ | 17½ |
| Abitibi | 17⅝ | 17 |
| Agnico Eagle | 7.75 | 7.87 |
| Alcan Alumin | 23½ | 24¼ |
| Algoma Steel | 26⅛ | 26¼ |
| Asbestos | 10½ | 10½ |
| Bk Montreal | 18⅞ | 18⅞ |
| Bk Nova Scotia | 23⅝ | 25½ |
| Basic Resources | 5.10 | 5.10 |
| Bell Canada | 17⅝ | 17⅝ |
| Bow Valley | 14⅝ | 14⅛ |
| BP Canada | 23⅛ | 23¾ |
| Brascan A | 15 | 15¼ |
| Brinco | 3.25 | 3.50 |
| B. C. Forest | 8⅛ | 8⅝ |
| CIL Inc | 18¾ | 19¼ |
| Cadillac Fairview | 6¼ | 6¼ |
| Can Cement | 8⅛ | 8¾ |
| Can NW Energy | 23⅛ | 23¼ |
| Can Packers | 29¼ | 29½ |
| Can Trusco | 23 | 22 |
| Can Imp Bank | 18½ | 18⅛ |
| Cdn Pacific | 26½ | 26⅛ |
| Can. Pac. Ents. | 14½ | 14¾ |
| Can Tire | 34¼ | 34 |
| Chieftain | 19 | 19½ |
| Cominco | 40 | 40⅞ |
| Cons Bathst A | 14½ | 15 |
| Conf. Bk.Canada | 6¾ | 6⅛ |
| Coseka Res | 3.00 | 3.65 |
| Costain | 6¼ | 6⅛ |
| Daon Devel | 2.20 | 2.20 |
| Denison Mines | 18½ | 18½ |
| Dome Mines | 8¾ | 8½ |
| Dome Petroleum | 5.00 | 5.00 |
| Dom Foundries | 31⅝ | 31½ |
| Dom Stores | 14¼ | 14½ |

## BELGIUM (continued)

| July 28 | Price Frs. | + or − |
|---|---|---|
| Petrofina | 4,405 | +5 |
| Royale Belge | 5,060 | −50 |
| Soc. Gen. Banq. | 6,490 | −10 |
| Soc Gen Belge | 1,148 | −12 |
| Sofina | 3,300 | +20 |
| Solvay | 1,835 | +9 |
| Traction Elect | 2,500 | ...... |
| UCB | 3,105 | +9 |
| VieilleMont | 2,810 | ...... |

## DENMARK

| July 28 | Price % | + or − |
|---|---|---|
| Andelsbanken | 114.2 | ...... |
| Baltica Skand | 534.4 | −2.2 |
| CopHandelsbank | 120 | ...... |
| D. Sukkerfab. | 340 | +7 |
| Danske Bank | 126 | ...... |
| East Asiatic | 88.0 | +1.4 |
| Forende Brygg. | 638.0 | +7.6 |
| Forende Damp. | 401 | +3 |
| GNT Hldg. | 225 | +1 |
| Jyske Bank | 179 | ...... |
| Nord Kabel | 123 | ...... |
| Novo Ind. | 1,814 | −5 |
| Papirfabrikker | 76 | ...... |
| Privatbanken | 132.2 | ...... |
| Provinsbanken | 119 | ...... |
| Smidth (F.L.) | 182.2 | +0.8 |
| Sophus Berend | 523 | +5 |
| Superfos | 97.4 | +0.8 |

## JAPAN (continued)

| July 28 | Price Yen | + or − |
|---|---|---|
| Kubota | 330 | ...... |
| Kumagai | 375 | −1 |
| Kyoto Ceramic | 3,050 | −30 |
| Lion | 568 | +2 |
| Maeda Const. | 529 | −1 |
| Makita | 791 | −9 |
| Marubeni | 278 | −1 |
| Marudai | 554 | +6 |
| Marui | 885 | +1 |
| Matsushita | 1,010 | −10 |
| M'ta Elec Works | 489 | ...... |
| M'bishi Bank | 500 | ...... |
| M'bishi Corp. | 491 | ...... |
| M'bishi Elect | 230 | ...... |
| M'bishi Real Est. | 421 | ...... |
| MHI | 177 | −3 |
| Mitsui Co. | 507 | −1 |
| Mitsui Real Est. | 585 | −5 |
| Mitsukoshi | 540 | −2 |
| NGK Insulators | 461 | ...... |
| Nippon Denso | 875 | +5 |
| Nippon Gakki | 652 | +1 |
| Nippon Meat | 361 | −4 |
| Nippon Oil | 873 | −2 |
| Nippon Shinpan | 751 | −4 |
| Nippon Steel | 155 | ...... |
| Nippon Suisan | 235 | +13 |
| NTV | 3,980 | ...... |
| Nippon Yusen | 235 | −7 |
| Nissan Motor | 733 | −8 |
| Nisshin Flour | 326 | −1 |
| Nisshin Steel | 147 | −1 |
| Nomura | 592 | −6 |
| Olympus | 1,090 | −20 |
| Orient Leasing | 1,540 | +19 |
| Pioneer | 1,410 | ...... |
| Renown | 660 | −10 |
| Ricoh | 505 | +5 |
| Sanyo Elect. | 393 | +1 |
| Sapporo | 243 | −5 |

# Indices

## NEW YORK —DOW JONES

| | July 27 | July 26 | July 23 | July 22 | July 21 | July 20 | 1982 High | 1982 Low | Since Compil'tn High | Since Compil'tn Low |
|---|---|---|---|---|---|---|---|---|---|---|
| • Industr'ls | 822.77 | 825.44 | 830.57 | 832.00 | 831.19 | 833.43 | 892.51 (4/1) | 788.92 (16/6) | 1051.70 (11/1/73) | 41.22 (2/7/32) |
| H'me Bnds. | 59.77 | 60.05 | 60.05 | 59.85 | 60.52 | 60.11 | 60.27 (27/5) | 55.87 (12/2) | — | — |
| Transport. | 317.58 | 315.67 | 312.25 | 316.92 | 315.47 | 318.50 | 368.45 (7/1) | 303.75 (11/5) | 447.58 (15/4/81) | 12.31 (8/7/32) |
| Utilities | 104.73 | 105.95 | 105.45 | 107.10 | 107.68 | 108.20 | 116.95 (7/5) | 103.51 (15/1) | 165.52 (20/4/69) | 10.5 (28/4/42) |
| Trading Vol 000's | 45,740 | 37,740 | 47,230 | 55,370 | 66,770 | 61,060 | — | — | — | — |

• Day's high 851.05 low 818.02

| | July 23 | July 16 | July 9 | Year ago (Approx) |
|---|---|---|---|---|
| Indust'l div. yield % | 6.73 | 6.74 | 6.88 | 5.85 |

## STANDARD AND POORS

| | July 27 | July 26 | July 23 | July 22 | July 21 | July 20 | 1982 High | 1982 Low | Since Cmpil'tn High | Since Cmpil'tn Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Indust'ls | 121.99 | 123.54 | 124.62 | 124.67 | 124.58 | 125.11 | 137.28 (4/1) | 116.41 (8/3) | 160.96 (15/11/80) | 3.52 (30/6/32) |
| Comp'site | 109.43 | 110.56 | 111.17 | 111.47 | 111.41 | 111.54 | 122.74 (4/1) | 107.10 (11/6) | 140.52 (28/11/80) | 4.40 (1/6/32) |

| | July 21 | July 14 | July 7 | Year ago (approx.) |
|---|---|---|---|---|
| Indust'l div. yield % | 5.79 | 5.84 | 6.03 | 4.90 |
| Indust'l P/E ratio | 7.80 | 7.79 | 7.54 | 9.10 |
| Long Gov. Bond yield | 13.07 | 13.49 | 13.52 | 13.65 |

## N.Y. S.E. ALL COMMON

| Rises and Falls | July 27 | July 26 | July 23 |
|---|---|---|---|
| Issues Traded | 1,833 | 1,859 | 1,854 |

# LONDON STOCK EXCHANGE

# Calmer conditions prevail awaiting ICI's interim report
# Interest rate hopes help Gilts, but Golds down again

**Account Dealing Dates**

**Option**

| *First Dealings | Declara-tions | Last Dealings | Account Day |
|---|---|---|---|
| July 19 | July 29 | July 30 | Aug 9 |
| Aug 2 | Aug 12 | Aug 13 | Aug 23 |
| Aug 16 | Sept 2 | Sept 3 | Sept 13 |

* "New-time" dealings may take place from 2.30 am two business days earlier.

Calmer conditions prevailed in London stock markets yesterday. Tuesday's nervous reaction in the Engineering leaders caused fears of a further slide into recession and by rumours of a major company in financial difficulties lessened and the tone in equities became steadier.

Underlying sentiment remained extremely sensitive and there was a marked reluctance on the part of potential buyers to take up positions ahead of today's half-yearly statement from ICI. This resulted in a very slow trading session and the majority of leading shares moved within narrow limits. Turner and Newall, which spear-headed the previous day's shake-out rallied a couple of pence to 46p following the company's reply on television to the current controversy over the dangers of asbestos.

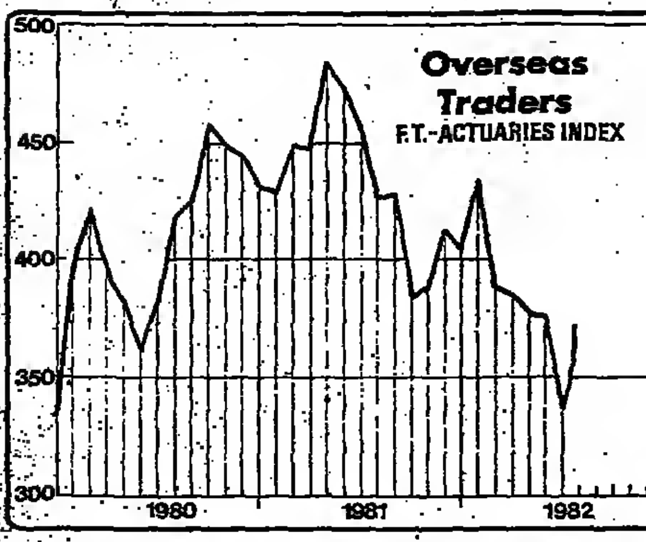
Measuring the trend, the FT 30-share index rallied to show a rise of 2.5 in the early afternoon before drifting back to close only 0.4 up on the day at 561.9.

Little caught the eye sectorwise while most of the day's individual features resulted from bid situations and companies making trading statements.

Quietly confident about a further reduction in base lending rates in the near future, Gilt-edged securities maintained a slightly firmer trend. Business was again mainly routine, but occasional fresh demand saw quotations at the long end of the market edge ¼ higher; sentiment here was also helped by the Chancellor's further encouraging remarks about this year's expected drop in the rate of retail price inflation. The Government Securities index hardened a shade further to 72.39.

## NatWest better

Down 12 the previous day, NatWest opened easier at 438p on further consideration of the disappointing interim results before rallying to close a net 5 up at 445p. Midland, the next of the major clearers to announce half-yearly figures tomorrow, rallied 4 to 330p. Elsewhere, Bank of Ireland advanced 15 in a thin market to 240p. A strong market earlier in the week on the abolishment of HP controls, Hire Purchases gave ground on profit-taking. London Scottish Finance relinquished 3 to 45p, Wagon Finance 2 to 44p, and Provident Financial eased the turn to 135p. In Merchant Banks, Dunbar gave up 5 to 595p after the interim statement. Hambros eased 3 to 115p, but Brown Shipley hardened 5 to 225p.




Bio-technology concern Bio-Isolates staged a successful and active debut in the Unlisted Securities Market; from an opening level of 44p, the shares advanced to 50p before settling at 49p compared with the placing price of 33p.

Business in the Brewery sector failed to expand, with quotations occasionally drifting lower on lack of support.

Business in Buildings contracted and quotations turned irregular. Tarmac hardened a couple of pence to 320p helped by news that the company had won contracts worth £26m, while small support lifted Taylor Woodrow 5 to 505p. On the other hand, Redland lost the turn to 178p with the warrants 4 points lower at £74. Elsewhere, revived demand in a thin market lifted Midland civil engineering concern William Sindall 15 to 240p, while late speculative interest left John Finlan 4 up at 126p. Johnstones Paints, dealt in the Unlisted Securities Market, met support and put on 7 to 95p.

Awaiting today's half-timer, ICI traded quietly around the overnight level of 306p before late offerings left the close 4 cheaper on balance at 302p. Among other Chemicals, Coalite added 4 to 132p following the annual meeting, while revived speculative buying in a limited market lifted Plysu 9 to a 1982 peak of 127p.

## Raybeck easier

The appearance of a couple of sellers unsettled Raybeck, which lost 2 to 36p, after 35p. Elsewhere in a lethargic Stores sector, Dixons Photographic dipped 6 to 175p awaiting today's preliminary results, while further profit-taking left Currys the same amount lower at 170p. F. W. Woolworth, with interim results scheduled for August 11, softened 1½ to 48½p. Interim profits from Martin Ford were slightly-better-than-expected, but the shares closed unchanged at 24p; after 25p. Vantona rallied 3 to 111p on further consideration of the half-year results.

Electronic Machine stood out in Electricals with a rise of 5 to 33p on speculative buying. The announcement of the £6.25m acquisition of Chloride Gent from Chloride left MK S higher at 423p, while Air Call, in the Unlisted Securities Market, advanced 20 to 315p in front of today's full listing debut of Multitone Electronics. Electro Protective became fairly active but closed 3 cheaper at 93p, while Electronic Rentals gave up the same amount to 66p and Cambridge dipped 7 to 153p. Standard Telephones and Cables, first-quarter figures scheduled for next Monday, eased 2 to 645p. Of the leaders, Racal put on 5 to 490p as did Plessey, to 530p.

Engineering majors regained some composure yesterday after the previous day's setback on talk that TI was in financial difficulties. TI, however, which had rallied smartly in Tuesday's late dealings on the company's denial, softened 2 to 92p, while its troubled subsidiary British Aluminium, at 40p, retrieved 4 of the previous day's fall of 6. John Brown improved to 44p before closing a net 1½ dearer at 43p, while GKN picked up a few pence to 139p, after 140p. Secondary issues remained fairly dull with Greenbank notable for a decline of 4 to 38p on the abortive bid discussions. Brasway moved up to a 1982 peak of 84p on the good annual results and proposed 50 per cent scrip-issue but then succumbed to profit-taking to finish a net 4 off at 77p. F. Pratt softened 2 to 63p awaiting today's interim statement and Acrow A lost the turn to 31p following the poor results.

British Sugar rose 5 to 460p on the announcement that the company had withdrawn its application to the European Court of Justice for an injunction against S. and W. Berisford's 470p per share cash bid for the company; the latter put on 5 to 136p. Elsewhere in the Food sector, Fitch Lovell hardened a penny to 84p awaiting today's preliminary results.

Ladbroke remained on offer in Hotels and Caterers, shedding 4 for a two-day fall of 9 to 137p; the interim results are due soon. Elsewhere, Comfort hardened ½ to 17p on the £5.5m London hotels sale and leaseback deal, while Mount Charlotte added a like amount to 26½p in response to more-than-doubled interim profits.

## De La Rue dull

De La Rue became a prominent dull counter among miscellaneous industrials, falling 30 to 475p, after 470p, following the chairman's gloomy AGM statement. The cautious tenor of the chairman's review at the annual meeting also served to depress Beecham, which closed 8 down at 290p. Turner and Newall, at 46p, picked up 2 of the previous day's fall of 10 helped by bear closing in the wake of Tuesday's further television programme on asbestosis. Equipu rose 5 to 98p in response to the increased preliminary profits, while Jacksons Bourne End gained a similar amount to 168p ahead of today's annual figures. Sceteros hardened a penny to 82p on Press comment while reflecting the weakness of Australian markets. Broken Hill Proprietary and CSR both shed 8, at 402p and 156p respectively.

Hopes that the company would succeed with its Playboy gaming licence appeal stimulated speculative support for Trident TV A which touched 74p before settling a net 3 up at 72p; the decision is expected today. Among other Television issues, LWT A attracted support and put on 5 to 149p.

Selected Motor and Aircraft manufacturers staged a moderate rally after the previous day's sharp setback. Lucas came off its 1982 low and closed 4 dearer at 142p, while revived investment demand helped Dowty to improve the same amount to 151p. Distributors featured Lex Service which touched 145p before closing a net 2 up at 144p following better-than-expected preliminary results.

Newspapers had Associated 5 cheaper at 183p and Daily Mail A the same amount down at 393p. DRG gave up 4 to 80p.

Among the scattered movements in Properties, Stock Conversion drifted off to close 5 cheaper at 290p, while profit-taking in the wake of the recent results left Percy Bilton 6 down at 182p. Trust Securities lacked support and gave up 5 to 85p, while Carlton Real Estates, at 19½p, relinquished a penny of the previous day's speculative gain of 2½. Elsewhere, Whittington Estates hardened a fraction to 23½p following the preliminary results and asset valuation.

## Oils quiet

The Oil majors fluctuated narrowly before closing virtually unchanged following another small turnover. Secondary issues displayed a firm spot in Sun UK, which touched 115p before closing 10 up at 110p. KCA International met revived support and added a couple of pence to 72p. Elsewhere, Global Natural Resources, a volatile market, advanced 50 to 745p.

Trusts usually closed a few pence easier, while scattered losses in Financials included S. Pearson, which gave up 5 to 270p, and Akroyd and Smithers, 3 off at 230p.

Occasional movements in the Textile sector were limited to a few pence either way. Allied edged up 2 to 190p and Nottingham Manufacturing ended the same amount better at 188p, but an easier trend in Carpet shares left Trafford 2 lower at 20p and Carpets International a penny cheaper at 19p.

## Golds marked down

The uncertain course of the gold price, finally $6.25 down at $346.50, led to some nervousness in the gold share market, and most of the leading issues were marked down sharply in an attempt to spark some buying interest.

Declines of a point and more were common to Hartebeest at £20, Randfontein at £25¾, Buffels at £13¼ and Southvaal at £28, but little trading developed at these levels. Among the medium and lower-priced stocks, Libanon slumped 62 to 780p, while ERPM lost 36 to 386p. The Gold Mines index gave up another 10.5 to 231.7 for a fall on the last three days of 21.1.

Platinums also weakened further, with Rustenburg off 9 to 148p for a two-day decline of 20, Impala down 3 to 230p and Lydenburg a similar amount poorer at 115p.

Gold-based Financials felt some selling pressure, with Amgold and Gold Fields of South Africa both closing a point down at £31¼ and £31 respectively. Gencor at 760p, Middle Wits at 410p and New Wits at 186p were all about 15 lower, while the gold and antimony-producer Consolidated Murchison gave up 20 to 230p.

Elsewhere, the Bermuda-registered Minorco fell 15 to 345p on the lower metal prices.

Charter opened weak in London Financials, but rallied from 182p to close a net 3 down at 185p. Rio Tinto-Zinc were finally down 7 at 403p, and Gold Fields 5 off at 398p.

Australians lost ground again, led by Western Mining, down 10 to 168p, and MIM Holdings, 12 lower at 157p. Among the other leaders, CRA at 176p, Peko-Wallsend at 250p, Gold Mines of Kalgoorlie at 180p and Meekatharra Minerals at 116p all ended about 6 lower.

Volume in Traded Options increased and 2,522 contracts were done. Calls traded amounted to 2,082, while 440 puts were transacted. Courtaulds were briskly dealt with 386 calls, 194 in the July 90 series, while ahead of today's interim statement, 283 calls and 88 puts were arranged in ICI.

## RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 42 | — | 49 |
| Corpns., Dom. and Foreign Bonds | 20 | 10 | 45 |
| Industrials | 132 | 204 | 895 |
| Financial & Props. | 46 | 136 | 329 |
| Oils | 13 | 17 | 78 |
| Plantations | 4 | — | 18 |
| Mines | 8 | 87 | 66 |
| Others | 32 | 40 | 81 |
| Totals | 295 | 494 | 1,561 |

## FINANCIAL TIMES STOCK INDICES

| | July 28 | July 27 | July 26 | July 23 | July 22 | July 21 | A year ago |
|---|---|---|---|---|---|---|---|
| Government Secs. | 72.59 | 72.34 | 79.88 | 72.65 | 72.46 | 72.21 | 64.45 |
| Fixed Interest | 73.11 | 73.01 | 73.01 | 72.90 | 72.82 | 72.72 | 66.33 |
| Industrial Ord. | 561.9 | 561.5 | 573.3 | 578.2 | 573.2 | 573.2 | 526.3 |
| Gold Mines | 231.7 | 242.2 | 251.4 | 252.6 | 248.2 | 255.5 | 216.7 |
| Ord. Div. Yield | 6.37 | 5.57 | 5.30 | 5.29 | 6.37 | 6.40 | 6.01 |
| Earnings, Yld.% (full) | 11.31 | 11.30 | 11.16 | 11.16 | 11.34 | 11.40 | 11.63 |
| P/E Ratio (net) (*) | 10.72 | 10.73 | 10.87 | 10.86 | 10.68 | 10.63 | 10.86 |
| Total bargains | 15,253 | 16,592 | 16,795 | 16,984 | 16,991 | 17,405 | 17,144 |
| Equity turnover £m. | — | 115.95 | 144.80 | 156.91 | 152.61 | 133.65 | 88.63 |
| Equity bargains | — | 12,276 | 15,817 | 12,718 | 12,280 | 13,680 | 19,671 |

10 am 562.6. 11 am 563.2. Noon 563.9. 1 pm 563.9. 2 pm 564.0. 3 pm 562.3.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=10.00.

## HIGHS AND LOWS

| | 1982 High | 1982 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|
| Govt. Secs. | 72.66 (23/7) | 61.89 (8/1) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 73.11 (28/7) | 62.79 (7/1) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord. | 594.0 (5/6) | 518.1 (5/1) | 597.3 (30/4/81) | 49.4 (26/6/40) |
| Gold Mines | 302.0 (3/1) | 181.2 (22/6) | 558.9 (22/9/80) | 43.5 (26/10/71) |

## S.E. ACTIVITY

| | July 27 | July 26 |
|---|---|---|
| Daily Gilt Edged Bargains | 204.6 | 250.1 |
| Equities Bargains | 79.5 | 89.5 |
| Value | 234.4 | 292.7 |
| 5-day Avrge. Gilt Edged Bargains | 213.9 | 221.5 |
| Equities Bargains | 83.9 | 86.9 |
| Value | 276.6 | 306.4 |

## RECENT ISSUES

### EQUITIES

| Issue price p | Amount paid up | Latest Renunc. date | 1982 High | 1982 Low | Stock | Closing price p | + or – | Div. | Times covered | Gross yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | Angle Nordic 5p; Antofagasta Hldgs£1; Argyll Foods Warr'ts; Argyle Trust; Atlantis Res. Inc.; Bairstow Eves 5p; Bio-Isolates 10p; Danoora; Druck Hldgs.; Ecobric New Ord£1; Do. Defd.; Knight Compt'rint 5p; McCarthy & Stone; Miles 33 10p; Oriflame SA; Oldfield Insp. Srvs.; R/T & Northern War'ts; Rodie City A' NV; Rowe Evans Inv. 10p; Ruddle (G.) 10p; Walker (Alfred) 10p; Yelverton Invs. 5p | | | | | | |

### FIXED INTEREST STOCKS

| Issue price £ | Amount paid up | Latest Renunc. date | 1982 High | 1982 Low | Stock | Closing price £ | + or – |
|---|---|---|---|---|---|---|---|
| [illegible] | | | | | Antofagasta 3.5% Pref.; Australia 15½% Ln. 2010; Bournemouth Water 9% Red. Prf. 1986; Grants 14¼% Conv. Uns. Ln. '92; Crests 14% ...; Nationwide Bdg. Soc. 14⅝%; New Zealand 14¼% 1987; Polymark Intl. Cnv. Red. Prf.; Rotaprint 11½% Cum. Conv. Red. Pref.; Smurfit Jefferson Pref. Units; West Kent Water 8¼% Red. Pref. 87-89 | | |

### "RIGHTS" OFFERS

| Issue price p | Amount paid up | Latest Renunc. date | 1982 High | 1982 Low | Stock | Closing price p | + or – |
|---|---|---|---|---|---|---|---|
| 166 | F.P. | 9/7 | 205 | 185 | Applied Computer Tech. | 205 | |
| 170 | F.P. | 15/5 | 190 | 180 | Bank Leumi (UK) £1 | 185 | |
| 103 | Nil | 6/8 | 19pm | 16pm | Blundell Permoglaze | 16pm | –1 |
| 26 | Nil | 29/7 | 1½pm | 1pm | Cable & Wireless | 1pm | |
| 78 | Nil | 9/8 | 9pm | 5pm | Goal Pet. 5p | 5pm | |
| 174 | F.P. | 13/8 | 262 | 218 | Grand Met. | 255 | –5 |
| 25 | F.P. | 29/7 | 25½ | 24 | Jenks & Cattell | 25 | |
| 65 | Nil | 30/7 | 20pm | 16pm | Minster Assets | 19½pm | –½ |
| 60 | F.P. | 24/8 | 64 | 53 | Press (Wm.) 10p | 61 | |
| 325 | F.P. | 17/8 | 445 | 390 | Saatchi & Saatchi 10p | 415 | –5 |
| 316 | F.P. | 5/7 | 282 | 269 | Skelchley | 282 | |

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. F Indicated dividend; cover relates to previous dividend; P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. ◆ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. || Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ‡ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). †† Unit comprising five ordinary and three Cap. shares. ‡ Issued free as an entitlement to ordinary holders.

## TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

| Stock | No. of price changes | Tuesday's closing pence | Day's change | Stock | No. of price changes | Tuesday's closing pence | Day's change |
|---|---|---|---|---|---|---|---|
| NatWest Bank | 15 | 440 | –12 | BAT Industries | 9 | 447 | – 4 |
| Johnson Cleaners | 14 | 270 | –12½ | Cable & Wires. | 9 | 282 | – 3 |
| Barclays Bank | 12 | 395 | – 5 | Debenhams | 9 | 81 | — |
| Midland Bank | 11 | 326 | –10 | Glaxo | 9 | 730 | –13 |
| Utd. Scientific | 11 | 330 | – 9 | GUS A | 9 | 505 | –10 |
| ICI | 10 | 308 | – 2 | GKN | 9 | 136 | – 8 |
| Plessey | 10 | 525 | – 2 | Royal Insurance | 9 | 370 | — |

## ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

| Stock | Closing price pence | Day's change | Stock | Closing price pence | Day's change |
|---|---|---|---|---|---|
| Air Call | 315 | +20 | Grand Metropolitan | 255 | – 2 |
| Beecham | 290 | – 8 | ICI | 302 | – 4 |
| Berisford (S. and W.) | 136 | + 5 | Ladbroke | 137 | – 4 |
| Brasway | 77 | – 4 | Lex Service | 144 | + 2 |
| BP | 286 | – 2 | NatWest Bank | 445 | + 5 |
| De La Rue | 475 | –30 | Raybeck | 36 | – 2 |

## FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

| EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section) | Wed July 28 1982 Index No. | Day's Change % | Est. Earnings Yield % (Max.) | Gross Div. Yield % (ACT at 30%) | Est. P/E Ratio (Net) | Tues July 27 Index No. | Mon July 26 Index No. | Fri July 23 Index No. | Thur July 22 Index No. | Year ago (approx.) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 CAPITAL GOODS (209) | 409.52 | +0.3 | 9.24 | 4.10 | 13.48 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 2 Building Materials (23) | [illegible] | | | | | | | | | |
| 3 Contracting, Construction (28) | [illegible] | | | | | | | | | |
| 4 Electricals (31) | [illegible] | | | | | | | | | |
| 5 Engineering Contractors (11) | [illegible] | | | | | | | | | |
| 6 Mechanical Engineering (67) | [illegible] | | | | | | | | | |
| 8 Metals and Metal Forming (11) | [illegible] | | | | | | | | | |
| 9 Motors (20) | [illegible] | | | | | | | | | |
| 10 Other Industrial Materials (18) | [illegible] | | | | | | | | | |
| 21 CONSUMER GROUP (202) | [illegible] | | | | | | | | | |
| 22 Brewers and Distillers (22) | [illegible] | | | | | | | | | |
| 25 Food Manufacturing (22) | [illegible] | | | | | | | | | |
| 26 Food Retailing (14) | [illegible] | | | | | | | | | |
| 27 Health and Household Products (9) | [illegible] | | | | | | | | | |
| 29 Leisure (23) | [illegible] | | | | | | | | | |
| 31 Newspapers, Publishing (13) | [illegible] | | | | | | | | | |
| 32 Packaging and Paper (14) | [illegible] | | | | | | | | | |
| 33 Stores (45) | [illegible] | | | | | | | | | |
| 35 Textiles (23) | [illegible] | | | | | | | | | |
| 36 Tobaccos (3) | [illegible] | | | | | | | | | |
| 39 Other Consumer (14) | [illegible] | | | | | | | | | |
| 41 OTHER GROUPS (76) | [illegible] | | | | | | | | | |
| 42 Chemicals (15) | [illegible] | | | | | | | | | |
| 44 Office Equipment (4) | [illegible] | | | | | | | | | |
| 45 Shipping and Transport (13) | [illegible] | | | | | | | | | |
| 46 Miscellaneous (44) | [illegible] | | | | | | | | | |
| 49 INDUSTRIAL GROUP (487) | [illegible] | | | | | | | | | |
| 51 Oils (13) | [illegible] | | | | | | | | | |
| 59 500 SHARE INDEX | [illegible] | | | | | | | | | |
| 61 FINANCIAL GROUP (117) | [illegible] | | | | | | | | | |
| 62 Banks (6) | [illegible] | | | | | | | | | |
| 63 Discount Houses (9) | [illegible] | | | | | | | | | |
| 65 Insurance (Life) (9) | [illegible] | | | | | | | | | |
| 66 Insurance (Composite) (10) | [illegible] | | | | | | | | | |
| 67 Insurance Brokers (7) | [illegible] | | | | | | | | | |
| 68 Merchant Banks (12) | [illegible] | | | | | | | | | |
| 69 Property (49) | [illegible] | | | | | | | | | |
| 70 Other Financial (15) | [illegible] | | | | | | | | | |
| 71 Investment Trusts (111) | [illegible] | | | | | | | | | |
| 81 Mining Finance (4) | [illegible] | | | | | | | | | |
| 91 Overseas Traders (18) | [illegible] | | | | | | | | | |
| 99 ALL-SHARE INDEX (750) | [illegible] | | | | | | | | | |

### FIXED INTEREST

| PRICE INDICES | Wed July 28 | Day's change % | Tues July 27 | xd adj. today | xd adj. 1982 to date |
|---|---|---|---|---|---|
| British Government | | | | | |
| 1 5 years | 114.98 | +0.03 | 114.95 | — | 6.92 |
| 2 5-15 years | 116.60 | +0.10 | 116.48 | — | 8.50 |
| 3 Over 15 years | 121.01 | +0.12 | 120.86 | — | 7.81 |
| 4 Irredeemables | 124.88 | — | 124.88 | — | 7.27 |
| 5 All Stocks | 117.19 | +0.08 | 117.09 | — | 7.77 |
| 6 Debentures & Loans | 92.53 | +0.09 | 92.50 | — | 4.46 |
| 7 Preference | 67.32 | — | 67.32 | — | 3.79 |

| AVERAGE GROSS REDEMPTION YIELDS | | Wed July 28 | Tues July 27 | Year ago (approx.) |
|---|---|---|---|---|
| British Government | | | | |
| 1 Low Coupons | 5 years | 11.86 | 11.88 | 12.57 |
| 2 | 15 years | 12.04 | 12.06 | 13.83 |
| 3 | 25 years | 11.84 | 11.87 | 13.55 |
| 4 Medium Coupons | 5 years | 12.55 | 12.55 | 14.72 |
| 5 | 15 years | 12.91 | 13.00 | 15.16 |
| 6 | 25 years | 12.60 | 12.68 | 14.74 |
| 7 High Coupons | 5 years | 12.62 | 12.63 | 14.69 |
| 8 | 15 years | 13.16 | 13.17 | 15.49 |
| 9 | 25 years | 12.73 | 12.74 | 14.99 |
| 10 Irredeemables | | 11.80 | 11.80 | 13.33 |
| 11 Debs & Loans | 5 years | 13.57 | 13.59 | 15.51 |
| 12 | 15 years | 13.87 | 13.89 | 15.56 |
| 13 | 25 years | 13.87 | 13.89 | 15.98 |
| 14 Preference | | 14.73 | 14.73 | 16.31 |

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

## NEW HIGHS AND LOWS FOR 1982

### NEW HIGHS (34)

BRITISH FUNDS (1)
Treas. 3pc 1986-89

CORPORATION LOANS (7)
Bath 11¼pc 1985; Lon. Cpn. 13¼pc '83; B'ham 12½pc 1986; Do. 9¼pc '84-85; Cardiff 11pc 1986; LCC 6¼pc '86-90; Herts. 6¼pc '85-87

LOANS (3)
FFI 12½pc Uns. Ln.; Agric. Mort. 9pc 1992-95; Do. 9pc 1991-94

BEERS (2)
Greene King; Young Brew. N-V

BUILDINGS (2)
Higgs & Hill; Tilley (F. J. C.)

CHEMICALS (1)
Plysu

STORES (3)
MFI Furniture; Habitat 9¾pc Cnv.; Dewhirst 1995-2001

ELECTRICALS (3)
Air Call; M.K. Elec.; Farnell Elect.

ENGINEERING (4)
Brasway; Locker (T.); Farmer (S. W.); Do. A

HOTELS (2)
Queen's Moat; Mount Charlotte

INDUSTRIALS (4)
Equipu; Whatman Reeve; Office & Elect.; Whitecroft

PAPERS (1)
Routledge & K. Paul

TRUSTS (1)
Sec. Alliance Trt.

### NEW LOWS (36)

AMERICANS (1)
GATX

STORES (1)
Raybeck

ELECTRICALS (1)
Elect. Rentals

ENGINEERING (6)
Acrow A; Midland Inds.; Hall Eng.; Tex Abrasives; Jones & Shipman; Wadd Cs. W.

FOODS (2)
Barker & Dobson; England (J. E.)

HOTELS (1)
Ryan Hotels

INDUSTRIALS (6)
Amal. Metal; Hart Lloyd Intl.; C.H. Inds.; Low & Bonar; Coraa de Groot; Nu Ship Canal; Dalgety; Rock Ltg.

INSURANCE (1)
Alexander Alexander

PROPERTY (1)
Sarakreek

TRUSTS (5)
Crescent Japan; Scot. Cities A; New Darien Oil; Warren Inv.; North Sea Assets

OILS (2)
Weeks Aust.; Weeks Pet. (Aust.)

OVERSEAS TRADERS (1)
Crosby House

MINES (5)
Rand London; Whim Creek; Bond Corp.; York Res.; Poseidon

## OPTIONS

| First Deal-ings | Last Deal-ings | Last Declara-tion | For Settle-ment |
|---|---|---|---|
| July 26 | Aug 6 | Oct 28 | Nov 8 |
| Aug 9 | Aug 20 | Nov 11 | Nov 22 |
| Aug 23 | Sept 3 | Nov 25 | Dec 6 |

*For rate indications see end of Share Information Service*

Stocks favoured for the call included Lonrho, Samuel Properties, Johnson Firth Brown, Turner and Newall, Johnson Group, ICL, Sound Diffusion, Metal Box, Southwest Consolidated, Marley Estates, Avana, Janas Woodhead, Duple, BICC, A Monk and John Brown. A put was arranged in John Brown, while double options were transacted in Turner and Newall, RTZ, Lonrho and Racal.

# CURRENCIES and MONEY

## Dollar strong

The dollar continued to improve in currency markets yesterday, underpinned by higher Euro-dollar rates. This followed official predictions of $100bn more U.S. Treasury borrowing for the rest of this year and end of month book squaring operations.

Sterling was unchanged on a trade weighted basis despite lower UK interest rates, losing ground against the dollar but improving against European currencies.

DOLLAR—Trade weighted index (Bank of England) 119.6 against 119.5 on Tuesday and 110.2 six months ago. Three-month Treasury bills 10.70 per cent (12.68 per cent six months ago). Annual inflation rate 7.1 per cent (6.7 per cent previous month)—The dollar closed at DM 2.4510 from DM 2.43 against the D-mark and SwFr 2.0790 from SwFr 2.0500. It was also higher against the French franc at FFr 6.8150 from FFr 6.77 and Y255.1 from Y252.5.

STERLING — Trade-weighted index 91.4 unchanged from noon, the opening calculation and Tuesday's close (91.6 six months ago). Three-month interbank 12 per cent (14½ per cent six months ago). Annual inflation 9.2 per cent (9.5 per cent previous month)—Sterling opened at $1.7545 and fell to a low of $1.7400 during the afternoon on dollar strength before closing $1.7435-1.7445, a fall of 1.15c. Against the D-mark it rose to DM 4.2750 from DM 4.2650 and SwFr 3.6250 from SwFr 3.60. It was also firmer against the French franc at FFr 11.88 against FFr 11.8750.

D-MARK — EMS member (second weakest). Trade-weighted index unchanged at 125.5 from Tuesday and 121.7 six months ago. Three-month interbank 9.375 per cent (10.30 per cent six months ago). Annual inflation 5.8 per cent (5.5 per cent previous month) — There was no intervention by the Bundesbank at the dollar fixing in Frankfurt yesterday in generally nervous trading. End-of-month considerations together with nervousness over future U.S. interest rate trends tended to keep the dollar firm. The dollar rose to DM 2.4397 from DM 2.4251 and sterling was higher at DM 4.2620 compared with DM 4.2580. Within the EMS the French franc rose to DM 35.940 per FFr 100 from DM 35.935, while the Belgian franc slipped to DM 5.243 per BFr 100 from DM 5.2440. The Dutch guilder was lower at DM 90.410 per Fl 100 from DM 90.45 and the Danish krone eased to DM 28.77 per DKr 100 compared with DM 28.83. Elsewhere the Swiss franc was fixed lower at DM 1.1822 against DM 1.1863.

BELGIAN FRANC — EMS member (third weakest). Trade weighted index 95.4 against 95.3 on Tuesday and 104.6 six months ago. Three-month Treasury bills 14.75 per cent (15.15 per cent six months ago). Annual inflation 8.9 per cent (9.8 per cent previous month)—The Belgian authorities sold Belgian francs in the foreign exchange market over the past week according to figures released yesterday. This has served to underline the comparative strength of the franc within the EMS and has given rise to renewed speculation that there may soon be a cut in the official discount rate, currently standing at 14 per cent. The market has been further encouraged by recent reductions in domestic rates. At yesterday's fixing in Brussels the dollar rose to BFr 46.61 from BFr 46.40 while sterling slipped to BFr 81.31 from BFr 81.40. The D-mark was lower at BFr 19.08 compared with BFr 19.1025 and the French franc eased to BFr 6.8575 from BFr 6.8605.

### THE POUND SPOT AND FORWARD

| July 28 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 1.7400-1.7550 | 1.7435-1.7445 | 0.02c pm-0.08dis | −0.21 | 0.53-0.63dis | −1.33 |
| Canada | 2.1940-2.2060 | 2.1950-2.1970 | 0.65-0.75c dis | −3.82 | 2.10-2.20dis | −3.91 |
| Nethlnd. | 4.70-4.74 | 4.72½-4.73½ | 1½-1c pm | 3.17 | 3½-3 pm | 2.75 |
| Belgium | 81.10-81.60 | 81.45-81.55 | 8-18c dis | −1.91 | 40-50 dis | −2.21 |
| Denmark | 14.77-14.85 | 14.79½-14.80½ | ⅝ore pm-⅛ dis | 0.10 | 5⅞-7⅛ dis | −1.79 |
| Ireland | 1.2380-1.2440 | 1.2420-1.2430 | 0.46-0.60p dis | −5.12 | 1.56-1.74dis | −5.31 |
| W. Ger. | 4.25-4.28 | 4.27-4.28 | 1½-½pf pm | 3.16 | 3¼-2¼ pm | 2.81 |
| Portugal | 145.50-146.75 | 145.80-146.00 | 80-230c dis | −12.76 | 215-280 dis | −6.79 |
| Spain | 193.40-194.40 | 193.45-193.65 | 70-95c dis | −5.11 | 320-365 dis | −7.08 |
| Italy | 2.378-2.387 | 2.382-2.384 | 15½-17½ lire dis | −8.31 | 51-54 dis | −8.81 |
| Norway | 11.15-11.23 | 11.17½-11.19½ | 4⅛-5⅛ore dis | −5.03 | 11½-12½ dis | −4.31 |
| France | 11.84-11.90 | 11.87½-11.88½ | 2¾-3¾c dis | −3.28 | 12¼-13¼ dis | −4.29 |
| Sweden | 10.57-10.65 | 10.58-10.59 | 2⅞-3⅞ore dis | −3.47 | 7½-3½ dis | −2.97 |
| Japan | 441-446 | 444½-445½ | 2.10-1.95y pm | 5.46 | 5.00-4.80 pm | 4.40 |
| Austria | 29.95-30.10 | 30.02-30.07 | 11¾-8½gro pm | 4.04 | 27-20½ pm | 3.16 |
| Switz. | 3.59-3.63 | 3.62-3.63 | 2¼-2⅛c pm | 8.27 | 6⅞-8⅞ pm | 7.31 |

Belgian rate is for convertible francs. Financial franc 86.35-86.45. Six-month forward dollar 1.85-1.35c dis. 12-month 3.50-3.65c dis.

### THE DOLLAR SPOT AND FORWARD

| July 28 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.7400-1.7550 | 1.7435-1.7445 | 0.02c pm-0.08dis | −0.21 | 0.53-0.63dis | −1.33 |
| Ireland† | 1.3980-1.4135 | 1.3980-1.3935 | 0.62-0.52c pm | 4.85 | 1.45-1.30 pm | 3.90 |
| Canada | 1.2595-1.2620 | 1.2596-1.2605 | 0.41-0.44c dis | −4.05 | 0.81-0.85dis | −2.63 |
| Nethlnd. | 2.6900-2.7110 | 2.7080-2.7110 | 0.82-0.72c pm | 3.42 | 2.85-2.75 pm | 4.15 |
| Belgium | 46.44-46.74 | 46.72-46.74 | 6-8c dis | −1.80 | 10-13 dis | −0.99 |
| Denmark | 8.4415-8.5050 | 8.5000-8.5050 | 0.40-0.16ore pm | 0.39 | 0.75-1.25dis | −0.47 |
| W. Ger. | 2.4320-2.4540 | 2.4505-2.4515 | 0.70-0.65pf pm | 3.30 | 2.57-2.62 pm | 4.15 |
| Portugal | 83.00-84.00 | 83.50-83.70 | 45-155c dis | −14.36 | 90-380 dis | −11.25 |
| Spain | 110.75-111.15 | 110.75-110.85 | 40-50c dis | −4.86 | 150-170 dis | −5.77 |
| Italy | 1.361-1.372 | 1.370½-1.371½ | 9-10 lire dis | −8.35 | 25-27 dis | −7.62 |
| Norway | 6.3950-6.4160 | 6.4050-6.4150 | 2.50-2.90ore dis | −5.05 | 4.10-4.50dis | −2.68 |
| France | 6.7750-6.8200 | 6.8125-6.8175 | 1.60-1.80c dis | −3.01 | 4.60-5.00dis | −2.83 |
| Sweden | 6.0530-6.0856 | 6.0700-6.0750 | 1.65-1.85ore dis | −3.46 | 2.25-2.45dis | −1.55 |
| Japan | 252.50-256.20 | 255.05-255.15 | 1.24-1.16y pm | 5.64 | 3.75-3.65 pm | 5.80 |
| Austria | 17.10-17.19 | 17.13½-17.14½ | 6.80-5.60gro pm | 4.33 | 21-18 pm | 4.54 |
| Switz. | 2.0550-2.0820 | 2.0785-2.0795 | 1.51-1.43c pm | 8.48 | 4.52-4.44 pm | 8.62 |

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

### CURRENCY MOVEMENTS

| July 28 | Bank of England Index | Morgan Guaranty Changes% |
|---|---|---|
| Sterling | 91.4 | −32.2 |
| U.S. dollar | 119.6 | −11.4 |
| Canadian dollar | 87.2 | −19.7 |
| Austrian schilling | 117.8 | −24.8 |
| Belgian franc | 95.4 | −1.2 |
| Danish kroner | 82.4 | −14.3 |
| Deutsche mark | 125.5 | −49.6 |
| Swiss franc | 146.8 | −96.5 |
| Guilder | 116.2 | −83.1 |
| French franc | 74.2 | −20.2 |
| Lira | 53.9 | −58.2 |
| Yen | 132.6 | −26.3 |

Based on trade weighted changes from Washington agreement December 1971. Bank of England index (base average 1975=100).

### CURRENCY RATES

| July 28 | Bank rate % | Special Drawing Rights | European Currency Units |
|---|---|---|---|
| Sterling | — | 0.626882 | 0.553424 |
| U.S. $ | 11½ | 1.09604 | 0.966279 |
| Canadian $ | 15.60 | - | 1.22022 |
| Austria Sch. | 6¾ | 18.8344 | 16.6007 |
| Belgian F. | 13½ | 51.0864 | 44.9851 |
| Danish Kr. | 11 | 9.25880 | 8.19404 |
| D mark | 7½ | 2.67401 | 2.35965 |
| Guilder | 8 | 2.35931 | 2.61108 |
| French F. | 9½ | 7.45033 | 6.56973 |
| Lira | 19 | 1496.64 | 1319.46 |
| Yen | 5½ | 277.024 | 244.952 |
| Norwgn. Kr. | 9 | 7.01904 | 6.18418 |
| Spanish Pts. | 8 | 121.757 | 107.373 |
| Swedish Kr. | 10 | 6.64418 | 5.87498 |
| Swiss Fr. | 5½ | n/a | 1.99701 |
| Greek Dr'ch | 20½ | 75.5665 | 66.6201 |

*CS/SDR rate for July 27: 1.38750.

### OTHER CURRENCIES

| July 28 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentine Peso | 37,081† | 21,250† | Austria | 28.85-30.15 |
| Australia Dollar | 1.7430-1.7450 | 0.9885-0.9880 | Belgium | 85.80-86.80 |
| Brazil Cruzeiro | 317.54-318.54 | 181.80-182.72 | Denmark | 14.74-14.88 |
| Finland Markka | 8.19-8.20 | 4.6980-4.7000 | France | 11.81-11.91 |
| Greek Drachma | 118.081-121.786 | 68.60-68.80 | Germany | 4.24-4.28 |
| Hong Kong Dollar | 10.34½-10.36 | 5.9160-5.9210 | Italy | 2345-2385 |
| Iran Rial | *147.00 | *84.60 | Japan | 443-448 |
| Kuwait Dinar (KD) | 0.5000-0.5010 | 0.2864-0.2865 | Netherlands | 4.69½-4.73½ |
| Luxembourg Fr. | 81.45-81.55 | 46.72-46.74 | Norway | 11.12-11.22 |
| Malaysia Dollar | 4.10-4.11 | 2.3455-2.3465 | Portugal | 143-156 |
| New Zealand Dlr. | 2.3440-2.3490 | 1.3475-1.3495 | Spain | 186-195 |
| Saudi Arab. Riyal | 6.0070-6.0125 | 3.4405-3.4415 | Sweden | 10.57-10.67 |
| Singapore Dollar | 3.74-3.75 | 2.1585-2.1405 | Switzerland | 3.59-3.63 |
| Sth. African Rand | 1.9900-1.9925 | 1.1410-1.1425 | United States | 1.73½-1.75½ |
| U.A.E. Dirham | 6.4105-6.4160 | 3.6715-3.6725 | Yugoslavia | 100-105 |

† Rate shown for Argentina is commercial. Financial rate: 67,991-68,031 against sterling 38,950-39,000 against dollar. *Selling rate.

### EMS EUROPEAN CURRENCY UNIT RATES

| | ECU central rates | Currency amounts against ECU July 28 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 44.9704 | 44.9851 | +0.03 | −0.12 | ±1.5501 |
| Danish Krone | 8.23400 | 8.19404 | −0.49 | −0.64 | ±1.6430 |
| German D-Mark | 2.33379 | 2.35965 | +1.11 | +0.96 | ±1.0888 |
| French Franc | 6.61387 | 6.56973 | −0.67 | −0.82 | ±1.3940 |
| Dutch Guilder | 2.57971 | 2.61106 | +1.22 | +1.07 | ±1.5004 |
| Irish Punt | 0.691011 | 0.687254 | −0.54 | −0.69 | ±1.6691 |
| Italian Lira | 1350.27 | 1313.45 | −2.28 | −2.28 | ±4.1363 |

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

### EXCHANGE CROSS RATES

| July 28 | Pound Sterling | U.S. Dollar | Deutschem'k | Japanese Yen | French Franc | Swiss Franc | Dutch Guild' | Italian Lira | Canada Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1. | 1.744 | 4.275 | 445.0 | 11.88 | 3.625 | 4.730 | 2383. | 2.199 | 81.50 |
| U.S. Dollar | 0.573 | 1. | 2.451 | 255.2 | 6.812 | 2.079 | 2.712 | 1366. | 1.261 | 46.73 |
| Deutschemark | 0.234 | 0.408 | 1. | 104.1 | 2.778 | 0.848 | 1.106 | 557.4 | 0.514 | 19.06 |
| Japanese Yen 1,000 | 2.247 | 3.919 | 9.607 | 1000. | 26.70 | 8.146 | 10.63 | 5355. | 4.940 | 183.1 |
| French Franc 10 | 0.842 | 1.468 | 3.598 | 374.6 | 10. | 3.051 | 3.981 | 2006. | 1.651 | 68.60 |
| Swiss Franc | 0.276 | 0.481 | 1.179 | 122.8 | 3.277 | 1. | 1.305 | 657.4 | 0.606 | 22.48 |
| Dutch Guilder | 0.211 | 0.369 | 0.904 | 94.08 | 2.512 | 0.766 | 1. | 503.8 | 0.465 | 17.23 |
| Italian Lira 1,000 | 0.420 | 0.732 | 1.794 | 186.7 | 4.965 | 1.521 | 1.985 | 1000. | 0.923 | 34.20 |
| Canadian Dollar | 0.455 | 0.793 | 1.945 | 202.4 | 5.404 | 1.649 | 2.151 | 1084. | 1. | 37.07 |
| Belgian Franc 100 | 1.227 | 2.140 | 5.245 | 546.0 | 14.58 | 4.448 | 5.804 | 2924. | 2.698 | 100. |

### FT LONDON INTERBANK FIXING (11.00 a.m. JULY 28)

| 3 months U.S. dollars | | 6 months U.S. dollars | |
|---|---|---|---|
| bid 13 1/4 | offer 13 3/8 | bid 14 5/16 | offer 14 5/16 |

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

### EURO-CURRENCY INTEREST RATES (Market closing Rates)

| July 28 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | D-mark | French Franc | Italian Lira | Belgian Franc Conv. | Belgian Franc Fin. | Yen | Danish Krone |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Short term | 18¼-12½ | 11⅝-11⅞ | 17-18 | 8¾-8⅞ | 4-4½ | 9-9¼ | 14⅝-15 | 17½-19½ | 13½-15 | 14-14½ | 6-6¼ | 10½-12 |
| 7 day's notice | 12⅛-12½ | 11⅞-12 | 16-16½ | 8¾-8⅞ | 6½-7 | 8¾-9⅛ | 14½-15⅛ | 18½-20 | 13½-13 | 14-14½ | 6⅜-6⅝ | 10½-12 |
| Month | 12-12⅛ | 13-12⅛ | 16⅛-16 | 8⅞-9⅛ | 3⅝-5⅝ | 8⅞-8⅝ | 14⅛-15⅛ | 19⅝-20½ | 13⅛-14⅛ | 14½-14⅝ | 5⅝-6⅞ | 12⅝-13⅛ |
| Three months | 12-12⅛ | 13-13⅛ | 15⅛-16 | 8-9⅛ | 4⅞-4⅞ | 8⅞-8⅞ | 16-16⅜ | 20⅝-21⅛ | 13⅛-14⅛ | 14⅛-14⅛ | 7⅛-7⅛ | 14-15½ |
| Six months | 12-12⅛ | 14-14⅛ | 16⅛-16⅛ | 9⅞-9⅛ | 5⅛-5⅝ | 9⅛-9⅛ | 17⅛-17⅝ | 21⅛-21⅛ | 14⅛-15⅛ | 14⅛-14⅛ | 7⅛-7⅛ | 15⅛-17⅛ |
| One Year | 12-12⅛ | 14-14⅛ | 16⅛-16⅛ | 9⅛-9⅛ | 5⅛-5⅛ | 9⅛-9⅛ | 17⅛-18⅛ | 21⅛-22⅛ | 14-15 | 14⅛-14⅛ | 7⅛-7⅛ | 17-16⅛ |

SDR linked deposits: one month 11⅝-11⅞ per cent; three months 11⅞-12⅛ per cent; six months 12⅛-12⅜ per cent; one year 12⅜-12⅝ per cent.

ECU linked deposits: one month 11⅞-12⅛ per cent; three months 12⅛-12⅜ per cent; six months 12⅜-12⅝ per cent; one year 12⅝-12⅞ per cent.

Asian $ (closing rates in Singapore): one month 12⅞-12⅝ per cent; three months 13⅛-13⅜ per cent; six months 14⅛-14⅜ per cent; one year 14⅛-14⅜ per cent. Long-term Eurodollar: two years 14⅛-14⅜ per cent; three years 14⅛-15 per cent; four years 14⅜-15⅛ per cent; five years [illegible] per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days' notice.

## MONEY MARKETS

### Further cut in dealing rates

UK clearing bank base lending rate 12 per cent (since July 14)

Funds remained in very short supply in the London money market yesterday, but the Bank of England gave another indication of its wish to see lower clearing bank base rates by cutting ⅛ per cent off bill dealing rates with the market. This was the second reduction in official dealing rates so far this week, and increased speculation that the clearing banks will be forced to bow to political pressure and cut base rates in the very near future.

The pressure on the banks to cut base rates has been tempered recently by the very high level of the key seven-day interbank rate, but this fell to 12⅛-12¼ per cent yesterday on hopes that the recent acute shortage of overnight money will ease slightly today in the absence of any large maturing bill repurchase agreements.

A shortage of about £700m was forecast by the Bank of England yesterday, mostly reflecting the unwinding of £550m in bill repurchase agreements. This was coupled with bills maturing in official hands and a net market take-up of Treasury bills of £374m, but was partly offset by Exchequer transactions of + £157m.

In the morning the authorities gave assistance of £671m, mostly by way of £375m in bills at rates of [illegible] per cent, to be repurchased by the market on August 5. The Bank of England also bought outright £296m in bills through [illegible] bank bills in band 1 up to 14 days maturity at [illegible] per cent; [illegible] bank bills in band 2 (15-33 days) at [illegible] per cent; [illegible] local authority bills in band 2 (34-63 days) at 11⅞ per cent; [illegible] bank bills in band 3 at [illegible] per cent; and [illegible] bank bills in band 4 (64-84 days) at [illegible] per cent.

In the afternoon additional help of £30m was provided by way of [illegible] bank bills in band 1 at [illegible] per cent; £9m bank bills in band 2 at 11⅞ per cent; £5m bank bills in band 3 at [illegible] per cent; and £15m bank bills in band 4 at 11⅞ per cent.

Despite total assistance of £701m on a forecast shortage of £700m market sources suggested that there was still an underlying shortage in the market at the end of the day. [illegible] in the sharp rise to 16 per cent in interbank overnight money [illegible] touched a low 11⅞ per cent.

### EUROCURRENCIES

### $ rates steady

Eurocurrency interest rates moved nervously ahead of today's U.S. Treasury refunding figures. [illegible] Eurodollar rates firmed in early trading, but retreating later in the day. [illegible] [illegible] in the U.S. [illegible] sterling was steady firmer in the forward market.

Swiss franc rates tended to weaken, leading to a narrowing of the franc's forward premium against the dollar, despite the improvement of the dollar in the spot market.

Euro D-mark and Euroyen rates were little changed, and the French franc eased against the dollar [illegible].

Belgian franc rates also held steady [illegible].

### MONEY RATES

**NEW YORK**

| | |
|---|---|
| Prime rate | 15½-16 |
| Fed funds (lunch-time) | 11½-11¾ |
| Treasury bills (13-week) | 10.70 |
| Treasury bills (26-week) | 11.52 |

**GERMANY**

| | |
|---|---|
| Lombard | 9.00 |
| Overnight rate | 9.025 |
| One month | 9.30 |
| Three months | 9.375 |
| Six months | 9.425 |

**FRANCE**

| | |
|---|---|
| Intervention rate | 14.75 |
| Overnight rate | 15.00 |
| One month | 14.8125 |
| Three months | 14.8125 |
| Six months | 14.8125 |

**JAPAN**

| | |
|---|---|
| Discount rate | 5.5 |
| Call (unconditional) | 7.21875 |
| Bill discount (three-month) | 7.28125 |

### LONDON MONEY RATES

| July 28 1982 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House Deposits | Company Deposits | Discount Market Deposits | Treasury Bills | Eligible Bank Bills | Fine Trade Bills |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 11½-16 | 12½-12¾ | — | — | 12-12½ | 11-12 | — | — | — |
| 2 days notice | — | — | 12¾-12½ | — | — | — | — | — | — | — |
| 7 days or | — | — | — | — | — | — | — | — | — | — |
| 7 days notice | — | 12⅛-12½ | 12⅝-12½ | — | — | — | — | — | — | — |
| One month | 12⅛-12 | 12⅛-12¼ | — | 12½-12½ | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Two months | [illegible] | [illegible] | — | [illegible] | [illegible] | — | [illegible] | [illegible] | [illegible] | [illegible] |
| Three months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | — | [illegible] | [illegible] | [illegible] | [illegible] |
| Six months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | — | — | — | [illegible] | [illegible] |
| Nine months | [illegible] | [illegible] | — | [illegible] | [illegible] | — | — | — | — | — |
| One year | [illegible] | [illegible] | — | [illegible] | [illegible] | — | — | — | — | — |
| Two years | — | — | — | — | — | — | — | — | — | — |

Local authorities and finance houses seven days' notice, others seven days fixed. [illegible] buying rates for prime paper. Buying rates for four-month bank bills [illegible] per cent; four months trade bills [illegible] per cent.

Approximate selling rate for one month Treasury bills [illegible] per cent; two months [illegible] per cent; three months [illegible] per cent. Approximate selling rate for one month bank bills [illegible] per cent; two months [illegible] per cent; three months [illegible] per cent. Finance Houses Base Rates (published by the Finance Houses Association) [illegible] per cent from August 1 1982. London and Scottish Clearing Bank Rates for lending 12 per cent. London Clearing Bank Deposit Rates for sums at seven days' notice [illegible] per cent. Treasury Bills: Average tender rates of discount [illegible] per cent. Certificates of Tax Deposit (Series [illegible]) [illegible] per cent from July [illegible]. Deposits withdrawn for cash [illegible] per cent.

# FT UNIT TRUST INFORMATION SERVICE

## AUTHORISED TRUSTS

[illegible]

## INSURANCES

# INSURANCE & OVERSEAS MANAGED FUNDS

**Life Assur. Co. of Pennsylvania**
8, New Rd., Chatham, Kent. Medway 812348

| | | | | |
|---|---|---|---|---|
| LACOP Units | 11.99 | 12.59 | — | — |

**Lloyds Life Assurance**
20, Clifton St., EC2A 4HX 01-920 0202

| | | | | |
|---|---|---|---|---|
| Pens. Fxd. July 15 | 207.2 | 218.1 | — | — |
| Pns.Mng.Ac. July 15 | 378.3 | [illegible] | — | — |
| Pens.Mng.Cp. July 15 | 285.6 | 300.7 | — | — |
| Pens. Op. Ac. July 15 | 245.5 | 258.5 | — | — |
| Pens. Dp. Cp. July 15 | 185.4 | 195.2 | — | — |

**Norwich Union Insurance Group**
PO Box 4, Norwich NR1 3NG. 0603 22200

| | | | | |
|---|---|---|---|---|
| Managed Fund | [illegible] | 350.5 | −0.5 | — |
| Equity Fund | [illegible] | 584.6 | −2.4 | — |
| Property Fund | 215.6 | 227.2 | +0.1 | — |
| Fixed Int. Fund | 211.8 | 222.9 | +0.5 | — |
| Deposit Fund | 150.3 | 158.2 | — | — |

**Norwich Union Life Insurance Society Pensionmaster**

| | | | | |
|---|---|---|---|---|
| Fixed Interest* | 127.0 | 133.6 | — | — |
| Ordinary Share* | 124.6 | 131.1 | — | — |
| Property* | 108.3 | 113.8 | — | — |
| Deposit* | 104.7 | 110.2 | — | — |
| Index Linked Secs.* | 103.9 | 109.3 | — | — |
| Mixed* | 120.6 | 126.9 | — | — |

*Prices at July 20.

| | | | | |
|---|---|---|---|---|
| Nor. Units July 15 | | 304.0 | 1 | — |

**Pearl Assurance (Unit Funds) Ltd.**
252 High Holborn, WC1V 7EB. 01-405 8441

| | | | | |
|---|---|---|---|---|
| Inv. Prop. Dist. | 132.9 | 139.9 | — | — |
| Inv. Prop. Acc. | 176.4 | 185.7 | — | — |
| Inv. Equity | 173.2 | 182.4 | — | — |
| Inv. Managed | 159.7 | 168.2 | — | — |

**Pearl Assurance (Unit Linked Pensions) Ltd.**

| | | | | |
|---|---|---|---|---|
| Ret. Managed | 131.6 | 138.6 | — | — |

**Phoenix Assurance Co. Ltd.**
4-5 King William St., EC4P 4HR. 01-626 9876

| | | | | |
|---|---|---|---|---|
| Wealth Ass. | 181.5 | 191.1 | −0.1 | — |
| Ebr. Ph.Eq.E. | 113.3 | 120.7 | — | — |

**Pioneer Mutual Insurance Co. Ltd.**
16, Crosby Rd., N. Waterloo, L'pool 051-928 6655

| | | | | |
|---|---|---|---|---|
| Managed Fund | 118.7 | 126.0 | — | — |

**Planned Savings Group**
68, East Street, Horsham 0403 50255

## OFFSHORE AND OVERSEAS

### NOTES

# FT SHARE INFORMATION SERVICE

## BRITISH FUNDS

| 1982 High | Low | Stock | Price £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| | | **"Shorts" (Lives up to Five Years)** | | | | |
| 99½ | 95⅝ | Exch. 9¼pc 1982 | 99½ | — | 9.30 | 11.85 |
| 99⅛ | 94⅜ | Exch. 8¾pc 1983 | 99⅛ | — | 8.82 | 10.70 |
| 96⅜ | 91 | Exch. 3pc 1983 | 96⅜xd | — | 3.11 | 9.74 |
| 100½ | 95¼ | Treasury 12pc 1983‡‡ | 100⅛ | — | 11.98 | 11.57 |
| 98⅛ | 92⅞ | Treasury 9¼pc '83 | 98⅛ | — | 9.42 | 11.32 |
| 102 | 96⅞ | Exch. 13½pc '83 | 102 | — | 13.23 | 11.70 |
| 99⅛ | 91⅞ | Exch. 10pc 1983 | 99⅛ | — | 10.08 | 10.65 |
| 96 | 87⅜ | Funding 5½pc '82-84‡‡ | 96 | — | 5.72 | 8.43 |
| 100⅜ | 91⅞ | Exch. 11¼pc 1984 | 100⅜xd | — | 11.21 | 10.98 |
| 103⅜ | 96¾ | Exchequer 14pc 1984 | 103⅜ | — | 13.54 | 11.82 |
| 90⅝ | 81⅛ | Exch. 3pc 1984 | 90⅝ | — | 3.31 | 8.46 |
| 100⅝ | 91½ | Treasury 12pc 1984 | 100⅝ | — | 11.92 | 11.60 |
| 106½ | 96¾ | Treasury 15pc 1985 | 106½xd | — | 14.13 | 12.15 |
| 100½ | 89½ | Exch. 12pc Cnv. '85 | 100 | — | 12.00 | 11.97 |
| 85¾ | 73½ | Treasury 3pc 1985 | 85¾ | — | 3.49 | 8.82 |
| 99 | 87½ | Treasury 11½pc 1985 | 98⅞ | — | 11.63 | 11.95 |
| 100½ | 88⅝ | Exch. 12¼pc 1985 | [illegible] | — | 12.18 | 12.01 |
| [illegible] | [illegible] | [illegible] | [illegible]xd | — | 11.82 | 11.97 |
| 82 | 69 | Treasury 3pc 1986 | 82 | — | 3.65 | 8.64 |
| 100⅛ | 86¾ | Treasury 12pc '86 | 100 | — | 12.00 | 11.98 |
| 93 | 80⅜ | Treasury 8¾pc '84-86‡‡ | 93 | — | 9.13 | 10.72 |
| 101⅛ | 96⅜ | Treas. 12¼pc '85 Cnv. | 100⅞ | — | 12.14 | 11.97 |
| 105⅞ | 91⅞ | Exch. 14pc 1986 | 105⅞ | — | 13.22 | 12.15 |
| 103¾ | 90 | Exch. 13¼pc 1987 | 103¾ | — | 12.77 | 12.12 |
| 86⅛ | 73¾ | Funding 6½pc '85-87‡‡ | 86⅛ | — | 7.54 | 10.24 |
| 78⅛ | 64½ | Treasury 3pc 1987 | 78⅛ | — | 3.84 | 8.50 |
| | | **Five to Fifteen Years** | | | | |
| 101¼ | 85⅞ | Treas. 12pc 1987 | 101¼ | +⅛ | 12.19 | 12.39 |
| 87¼ | 72½ | Treasury 7¾pc '85-88‡‡ | 87¼xd | +¼ | 8.88 | 10.90 |
| 73 | 60⅝ | Transport 3pc '78-88 | 73 | +⅛ | 4.12 | 9.03 |
| 96⅛ | 79⅞ | Treasury 11½pc 1989 | 93⅞xd | +⅛ | 12.24 | 12.91 |
| 73⅞ | 62½ | Treasury 5pc '86-89 | 73⅞ | +⅛ | 6.90 | 10.54 |
| 101½ | 85⅞ | Treasury 13pc 1990‡‡ | 100⅝ | +⅛ | 12.98 | 12.96 |
| 101⅝ | 85⅝ | Exch. 12½pc 1990 | 101⅞ | +⅛ | 12.89 | 13.12 |
| 83¾ | 70⅜ | Treasury 8¼pc '87-90‡‡ | 83¾ | +⅛ | 10.02 | 11.76 |
| 93⅞ | 77⅞ | Treasury 11¾pc 1991 | 93⅝ | +½ | 12.63 | 13.23 |
| 70⅝ | 59¾ | Funding 5¾pc '87-91‡‡ | 70⅝ | +⅛ | 8.34 | 11.49 |
| 92 | 76⅜ | Exch. 11pc 1991 | 91⅞ | +⅛ | 12.35 | 13.06 |
| 99½ | 81⅞ | Treasury 12¾pc '92‡‡ | 98⅜ | +⅛ | 12.99 | 13.09 |
| 86⅛ | 70 | Treasury 10pc 1992 | 84xd | +⅛ | 11.81 | 12.84 |
| 97¾ | 80⅞ | Exch. 12¼pc '92 | 94⅝xd | — | 12.89 | 13.17 |
| 106⅛ | 88⅝ | Exchequer 13½pc '92 | 105¾ | — | 13.37 | 13.30 |
| 97¾ | 80⅜ | Treasury 12½pc '93‡‡ | 96⅞ | +⅛ | 12.97 | 13.13 |
| 66⅞ | 56¼ | Funding 6pc 1993‡‡ | 66⅞ | +⅛ | 9.28 | 11.77 |
| 105½ | 88 | Treasury 13¾pc 1993‡‡ | 105¼ | +⅛ | 13.38 | 13.25 |
| 113¾ | 91⅝ | Treasury 14½pc '94‡‡ | 106¼xd | — | 13.47 | 13.23 |
| 104⅝ | 86¾ | Exchequer 13½pc 1994 | 104⅛ | — | 13.39 | 13.34 |
| 98⅝ | 80⅛ | Exch. 12½pc 1994 | 95⅛xd | — | 13.03 | 13.19 |
| 80⅛ | 66¾ | Treasury 9pc '94‡‡ | 79⅞ | +⅛ | 11.52 | 12.52 |
| 94⅛ | 76½ | Treasury 12pc '95 | 92¾xd | — | 12.96 | 13.21 |
| 48¾ | 42⅜ | Gas 3pc '90/95 | 48¾ | — | 6.25 | 10.47 |
| 84⅜ | 68½ | Exch. 10¼pc 1995 | 83⅝ | +⅛ | 12.29 | 12.92 |
| 100⅝ | 83¾ | Treasury 12¾pc '95‡‡ | 100¼ | +⅛ | 13.06 | 13.31 |
| 106⅝ | 86¼ | Treas. 14pc '96 | 104¼xd | +⅛ | 13.46 | 13.34 |
| 80½ | 66⅝ | Treasury 9pc '92/96‡‡ | 80⅛ | +⅛ | 11.72 | 12.60 |
| 116⅝ | 96 | Treasury 15¼pc '96‡‡ | 115⅞ | +⅛ | 13.58 | 13.27 |
| 104⅛ | 86 | Exchequer 13¼pc '96‡‡ | 103¾ | +⅛ | 13.11 | 13.07 |
| 47 | 43⅝ | Redemption 3pc 1986-96 | 47 | — | 6.52 | 10.38 |
| 103½ | 83½ | Treasury 13¼pc '97‡‡ | 101½ | +⅛ | 13.09 | 13.05 |
| 87⅝ | 69⅝ | Exchequer 10½pc 1997 | 84⅝xd | +⅛ | 12.31 | 12.75 |
| | | **Over Fifteen Years** | | | | |
| 76⅝ | 67 | Treasury 8¾pc 1997‡‡ | 74⅝xd | +⅛ | 11.61 | 12.42 |
| 115¼ | 94¼ | Exch. 15pc 1997 | 114¾ | — | 13.52 | 13.29 |
| 65⅛ | 54½ | Treasury 6¾pc '95-98‡‡ | 65 | +⅛ | 10.65 | 11.96 |
| 120¼ | 99½ | Treas. 15½pc '98‡‡ | 120 | +⅛ | 13.40 | 13.22 |
| 96⅜ | 78¼ | Exch. 12pc 1998 | 95¾ | +⅛ | 12.80 | 12.95 |
| 80⅝ | 66 | Treasury 9½pc 1999‡‡ | 79⅝ | +⅛ | 11.93 | 12.49 |
| 99¾ | 81¼ | Exch. 12¼pc 1999 | 99¾ | +⅛ | 12.83 | 12.97 |
| 87¼ | 71⅛ | Treasury 10½pc 1999 | 86⅛ | +⅛ | 12.37 | 12.69 |
| 102¾ | 82¼ | Treas. 13pc 2000 | 101 | +⅛ | 12.93 | 12.93 |
| 108¾ | 89 | Treas. 14pc '98-01 | 108⅛ | +⅛ | 13.2[illegible] | 13.15 |
| 96¼ | 76½ | Exch. 12pc '99-02 | 94⅛ | +⅛ | 12.[illegible] | 12.85 |
| 107¾ | 85⅞ | Treas. 13¾pc 2000-03 | 105 | +¼ | 13.11 | 13.04 |
| 96¼ | 78¼ | Treasury 11½pc '01-04 | 95¾ | +⅛ | 12.56 | 12.63 |
| [illegible] | 33¾ | Funding 3½pc '99-04 | 38¼ | — | 9.19 | 11.05 |
| [illegible] | [illegible] | Treasury [illegible] '03-05 | [illegible] | [illegible] | 12.72 | [illegible] |
| 71½ | 59¾ | Treasury 8pc '02-06‡‡ | 71¾ | +⅛ | 11.63 | 11.98 |
| 95⅞ | 75⅞ | Treasury 11¾pc '03-07 | 93½ | +⅛ | 12.59 | 12.64 |
| 110¼ | 90 | Treas. 13½pc '04-08 | 109⅝ | +⅛ | 12.86 | 12.80 |
| 52¾ | 44¼ | Treasury 5½pc '08-12‡‡ | 51⅞ | — | 11.06 | 11.46 |
| 67⅛ | 55⅝ | Treasury 7¾pc '12-15‡‡ | 66½xd | +⅛ | 11.66 | 11.83 |
| 99¾ | 81⅛ | Exch. 12pc '13-'17 | 99⅛ | +⅛ | 12.29 | 12.29 |
| | | **Undated** | | | | |
| 33 | 27⅜ | Consols 4pc | 32⅝xd | — | 12.25 | — |
| 30⅛ | 26⅜ | War Loan 3½pc‡‡ | 30⅛ | — | 11.84 | — |
| 34⅞ | 31½ | Conv. 3½pc '61 Aft. | 34⅝ | — | 10.45 | — |
| 30 | 21 | Treasury 3pc 66 Aft. | 24⅝ | — | 12.67 | — |
| 21 | 17¾ | Consols 2½pc | 20⅞ | — | 12.07 | — |
| 21⅛ | 17⅝ | Treasury 2½pc | 21 | — | 12.39 | — |
| | | **Index-Linked & Variable Rate** | | | | |
| [illegible] | 99⅜ | Treas. Variable '83 | 99⅞ | — | 11.72 | 11.80 |
| 98 | 95 | Do. 2pc I.L. '88 | 98 | — | 2.04 | 2.87 |
| 106 | 93 | Do. 2pc I.L. '96 | 100 | — | 2.30 | 3.08 |
| 101⅜ | [illegible] | Do. 2pc I.L. 2006 | 93¼ | — | 2.37 | 2.90 |
| 104 | 90 | Do. 2½pc I.L. 2011 | 95xd | — | 2.65 | 2.88 |

## INT. BANK AND O'SEAS GOVT. STERLING ISSUES

| 1982 High | Low | Stock | Price £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 102 | 92⅜ | Finland 14¼pc Ln 19[illegible] | [illegible] | +⅛ | 14.29 | 13.81 |
| 100½ | 90¾ | Int. Bank 13½pc 1986 | 100⅝xd | +¼ | 13.43 | 13.29 |
| 102 | 97 | Do. [illegible] 1987 | 102 | — | 13.73 | 13.41 |
| 103¾ | [illegible] | Mex [illegible]pc 2006 | 96 | — | 18.49 | 19.56 |
| 99¾ | 90¾ | Sweden 13½pc 1986 | 99¾xd | +¼ | 13.53 | 13.54 |

## CORPORATION LOANS

| 1982 High | Low | Stock | Price £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 96 | 85 | Bath 11¼pc 1985 | 96 | +⅛ | 11.71 | 12.74 |
| 99½ | 89¾ | Birm'ham 12½pc 1985 | 99½ | +¼ | 12.56 | 12.66 |
| 100⅝ | 87 | Burnley 13pc 1987 | 100½xd | −⅛ | 12.94 | 12.83 |
| 94¾ | 80¾ | Cardiff 11pc 1986 | 94¾ | +½ | 11.60 | 12.99 |
| 100⅝ | 94¾ | G.L.C. 12½pc '83 | 100½ | −⅛ | 12.44 | 11.99 |
| 101 | 94⅝ | Do. 13¼pc 1984 | 101 | — | 13.12 | 12.50 |
| 100 | 94¾ | Glasgow 9¼pc '80-82 | 99¾ | — | 9.28 | 10.36 |
| 80¾ | 67½ | Herts 6½pc 1985-87 | 80¼xd | +¼ | 8.40 | 12.06 |
| 102¾ | 85 | Leeds 13½pc 2006 | 102¾xd | — | 13.71 | 13.71 |
| 95⅝ | 87½ | Liverpool 9¾pc '80-84 | 95¼ | — | 10.23 | 12.74 |
| 26½ | 21½ | Do. 3½pc Irred. | 26½xd | +½ | 13.67 | — |
| 101 | 95½ | Ldn. Corp. 13¼pc '83 | 101 | +⅛ | 13.12 | 12.32 |
| 92 | 82¼ | Do. 9¼pc '84-85 | 92 | +⅛ | 10.05 | 12.33 |
| 88¾ | 78¾ | LCC 5½pc '82-84 | 88¾ | — | 6.20 | 12.05 |
| 78½ | 64¾ | Do. 5½pc '85-87 | 76½ | +¼ | 7.00 | 11.35 |
| 71 | 56 | Do 6¾pc '88-90 | 71 | +¼ | 9.55 | 12.70 |
| 22¾ | 19½ | Do. 3pc '20 Aft. | 22½ | −¼ | 13.84 | — |
| 99 | 90¼ | Sunderland 12¼pc 1984 | 99 | — | 12.37 | 12.69 |

## COMMONWEALTH AND AFRICAN LOANS

| 1982 High | Low | Stock | Price £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 94¼ | 85¼ | Aust. 6pc 1981-83 | 94⅛ | — | 6.44 | 11.57 |
| 68 | 57 | N.Z. 7½pc 1988-92 | 67¾xd | −¼ | 10.78 | 13.27 |
| 87¾ | 74¼ | Do. 7½pc '83-86 | 87¾xd | +¼ | 8.63 | 11.78 |
| 161 | 136 | S. Rhod. 2½pc Non-Ass. | 157 | — | — | — |
| 68 | 58 | Do. 3½pc '80-85 Assd. | 68 | — | 5.24 | 17.00 |
| 41 | 32 | Do. 4½pc 87-92 Assd. | 41xd | — | 10.98 | 17.40 |
| 380 | 318 | Zimbabwe Ann (£100pa) | 377 | −2 | — | 19.43 |

## LOANS

### Public Board and Ind.

| 1982 High | Low | Stock | Price £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 67½ | 57¾ | Agric. Mt. 5pc '59-89 | 67½ | +½ | 7.45 | 12.13 |
| 31½ | 24¾ | Met. Wtr. 3pc 'B' | 31½ | — | 9.91 | 12.46 |

## LOANS—Continued

### Financial

| | | | | | | |
|---|---|---|---|---|---|---|
| [illegible] | | | | | | |

### Building Societies

| | | | | | | |
|---|---|---|---|---|---|---|
| [illegible] | | | | | | |

## FOREIGN BONDS & RAILS

| | | | | | | |
|---|---|---|---|---|---|---|
| [illegible] | | | | | | |

## AMERICANS

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | |

## CANADIANS

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | |

## BANKS AND HIRE PURCHASE

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## BANKS & H.P.—Cont.

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

### Hire Purchase, etc.

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## BEERS, WINES AND SPIRITS

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## BUILDING INDUSTRY, TIMBER AND ROADS

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## CHEMICALS, PLASTICS

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## CHEMICALS, PLASTICS—Cont.

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## DRAPERY AND STORES

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## ELECTRICALS

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## ENGINEERING MACHINE TOOLS

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## ENGINEERING—Continued

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## FOOD, GROCERIES, ETC.

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## FOOD, GROCERIES—Cont.

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## HOTELS AND CATERERS

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## INDUSTRIALS (Miscel.)

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | |

## INDUSTRIALS—Continued

## LEISURE—Continued

## PROPERTY—Continued

## INVESTMENT TRUSTS—Cont.

## OIL AND GAS—Continued



## MINES—Continued

### Central African

| 1982 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 120 | 75 | Falcon Rh.50c | 100 | ...... | 025c | 10.3 | 18.6 |
| 33 | 19 | Wankie Col. Z$1 | 21 | ...... | 03c | 1.2 | 11.5 |
| 21 | 12 | Zam.Cpr.SBD0.24 | 14 | ...... | — | — | — |

### Australian

### Tins

For Messina see South Africans

### Miscellaneous

| 1982 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 40 | 20 | Anglo-Dominion | 28 | ...... | — | — | — |
| 16$\frac{1}{2}$ | 12 | Burma Mines 10p | 12 | ...... | 0.55 | 1.0 | 6.5 |
| 130 | 27 | Colby Res. Corp. | 40 | ...... | — | — | — |
| 292 | 170 | Cons. Murch. 10c. | 230 | −20 | ‡Q60c | 1.9 | ‡ |
| 8 | 3$\frac{1}{2}$ | ‡‡Exploura Gold | 3$\frac{1}{2}$ | ...... | — | — | — |
| 105 | 55 | Highwood Res. | 70 | +5 | — | — | — |
| 255 | 160 | Northgate C$1 | 180 | ...... | — | — | — |
| 468 | 344 | R.T.Z. | 403 | −7 | 16.0 | 2.1 | 5.7 |
| £108$\frac{1}{2}$ | £84 | [illegible] | £97 | −1 | Q9$\frac{1}{2}$% | 30.0 | †9.9 |
| 20 | 11 | Sabina Inds. C$1 | 12 | ...... | — | — | — |
| 44 | 27 | ‡Southwest C. 10p | 32 | ...... | — | — | — |
| 500 | 270 | Tara Expln. $1 | 280 | −15 | — | — | — |

## NOTES

*Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.*

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ✱ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(3).
- ♯ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ✱ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.
- ♥ Rate applicable to non-Zimbabwean residents.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, *cover based on dividend on full capital.* e *Redemption yield.* f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. *q Earnings based on preliminary figures. s Dividend and yield exclude a* special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. *x Dividend cover in excess of 100 times. y Dividend and yield* based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F *Dividend and yield based on prospectus or other* official estimates for 1983-84. G *Assumed dividend and yield after* pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

## INSURANCE

## LEISURE

## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

### Commercial Vehicles

### Components

### Garages and Distributors

## NEWSPAPERS, PUBLISHERS

## PAPER, PRINTING ADVERTISING

## PROPERTY

## SHIPPING

## SHOES AND LEATHER

## SOUTH AFRICANS

## TEXTILES

## TOBACCOS

## TRUSTS, FINANCE, LAND

### Investment Trusts

### Finance, Land, etc.

## OIL AND GAS

## OVERSEAS TRADERS

## RUBBERS AND SISALS

## TEAS

### India and Bangladesh

### Sri Lanka

## MINES

### Central Rand

### Eastern Rand

### Far West Rand

### O.F.S.

### Finance

### Diamond and Platinum

## REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

## OPTIONS

### 3-month Call Rates

| | | | | | |
|---|---|---|---|---|---|
| B.A.T. | 38 | "Mans" | | Samuel Props. | 11 |
| Brown (J.) | 7 | Mrks. & Spncr | 12 | Town & City | 3$\frac{1}{2}$ |
| Burton Ord. | 15 | Midland Bank | 30 | **Oils** | |
| Cadburys | 9 | N.E.I. | 9 | Brit. Petroleum | 26 |
| Courtaulds | 8 | Nat. West. Bank | 38 | Burmah Oil | 10 |
| Debenhams | 7 | P & O Dfd. | 17 | Charterhall | 6 |
| Distillers | 15 | Plessey | 52 | KCA | 14 |
| Dunlop | 6$\frac{1}{2}$ | Racal Elect. | 35 | Premier | 6 |
| Eagle Star | 31 | R.H.M. | 6$\frac{1}{2}$ | Shell | 30 |
| F.N.F.C. | 4 | Rank Org. Ord. | 25 | Tricentrol | 22 |
| Gen. Accident | 20 | Reed Intnl. | 26 | Ultramar | 38 |
| Gen. Electric | 55 | Sears | 6 | | |
| Glaxo | 42 | T.I. | 19 | **Mines** | |
| Grand Met. | 17 | Tesco | 5$\frac{1}{2}$ | Charter Cons. | 25 |
| G.U.S. 'A' | 45 | Thorn EMI | 42 | Cons. Gold | 45 |
| Guardian | 25 | Trust Houses | 11 | Lonrho | 7 |
| G.K.N. | 15 | Turner & Newall | 11 | Rio T. Zinc | 42 |
| *Hawker Sidd* | 30 | Unilever | 55 | | |

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 31

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Thursday July 29 1982



**No company willing to take over Invergordon plant**

# Younger seals smelter fate

BY IVOR OWEN IN LONDON AND MARK MEREDITH IN EDINBURGH

NO COMPANY is willing to take over British Aluminium's smelter at Invergordon, despite the inducement of a £100m government subsidy.

Announcing this in the Commons yesterday, Mr George Younger, the Scottish Secretary, said one of the two new enterprise zones to be set up in Scotland will be located in the Invergordon area.

Closure of the smelter in December caused the loss of more than 800 jobs. Highland region officials were dismayed last night that efforts to sell the plant had been abandoned.

They claimed the impact of the decision on the Highlands would be worse than the closure of the Linwood car works, west of Glasgow.

Mr Younger said it was a black day for the Highlands. He virtually ruled out any hope of the smelter being brought back into production in the foreseeable future and acknowledged the serious repercussions this would have for other sectors of Scottish industry.

Opposition MPs claimed the announcement signalled a major industrial reverse which required the resignations of the Scottish Secretary and Mr Hamish Gray, Energy Minister of State and MP for Ross and Cromarty.

Mr Younger argued the extent of his efforts to find an operator for the smelter could be judged by his success in persuading the Prime Minister and the rest of the Cabinet to authorise a "wholly exceptional" subsidy of £100m.

Payments of the subsidy would have been spread over five years.

A worldwide search had been made to find a successor to British Aluminium and the Scottish Office had contacted 16 companies. The aluminium industry throughout the world was in a very distressed state, however, said Mr Younger.

Mr Roy Jenkins, the SDP leader, recalled Mr Younger's optimistic statements about the prospects for the smelter during the Hillhead by-election campaign. He asked "Was it your judgment or your frankness which was at fault?"

Mr Younger said he had been absolutely frank throughout. While the search was on for a prospective operator it would have been counterproductive to declare it a hopeless task.

Mr Bruce Millan, Shadow Scottish Secretary, said the Government should not have allowed the Invergordon smelter to have stopped production.

Every effort should be made to stop the plant being sold off as scrap, he said.

Mr Hamish Gray, whose constituency includes Invergordon, said he thought the jobs could be replaced in three years with the introduction of an enterprise zone in the Invergordon area.

Despite likely continued pressure to find a buyer, British Aluminium is anxious to dismantle the works, selling some of it for scrap and moving other parts to installations elsewhere.

# CBI urges pay restraint forever

BY JOHN LLOYD, LABOUR EDITOR

THE Confederation of British Industry yesterday emphasised its deep concern over the UK's continuing lack of competitiveness in world markets and said pay-restraint must become a permanent feature of the UK economy.

Sir Terence Beckett, CBI director-general, said the facts of economic life dictated that low pay-rises were necessary "from here on out."

He said: "It is not for a decade. It is forever. In the end we will only earn a living by being effective. Otherwise we will price ourselves out as a nation."

The facts now form the content of a presentation on prospects for the next pay-round being made to confederation members. To emphasise their starkness the confederation said there would have to be no pay rises at all for several years to recover competitiveness lost by UK companies through rises in labour costs since 1975.

In practice and in the immediate future, however, the confederation's message to its members was that they should keep increases in labour costs as far as possible below those of overseas competitors and continue to raise productivity.

Sir Terence rejected the option of a "siege economy" sheltering behind import controls. Mr Richard Worsely, CBI social affairs director, said confederation members had set their faces against an incomes policy, the only other means of moderating wage-settlements.

The thrust of the confederation's presentation reflects the Chancellor of the Exchequer's call earlier this month for zero or very low pay rises. Sir Terence was careful, however, to say he was not exhorting employers to make low settlements but merely presenting unassailable truths about the effects of profligacy.

The effect is intended to encourage hard, realistic wage-bargaining with company bargainers looking to total wage costs and not merely the basic settlement. It is also aimed at encouraging the Government to play its part in lowering the wage-bargaining temperature by keeping the increases under its control as low as possible.

Sir Terence dismissed recent claims by union leaders that they would encourage high wage claims. They were out of touch with reality on the shop-floor, he said.

The burden of the report on pay prospects is that while there has been an encouraging reduction in wage settlements over the past year, falling in manufacturing industry from 16 per cent in mid-1980 to 7 per cent to 8 per cent in mid-1981, the cumulative worsening of cost-competitiveness in the previous four years still represented a formidably high cost differential over competitors.

Issues highlighted by the report include:

- Productivity has risen sharply in the past year but is now little higher than its previous peak in 1979;
- The sharp fall in manufacturing output has ended but unemployment continues to rise, albeit slower — the CBI expects it either to rise more slowly or to level out in 1983;
- There has been some recovery in real profitability, expected to rise from 3 per cent last year to 4 per cent this year, with a slight further rise in 1983 — levels remain, however "extremely low by past standards."

Pay 1982-83: CBI Centre Point, 103 New Oxford Street, London WC1A 1DU; £2.00.

# Call to end Irish vote in Britain

By Margaret Van Hattem

SENIOR MEMBERS of the Cabinet now believe that mounting pressure on the Government to withdraw the voting rights of Irish citizens living in the UK may prove irresistible.

The Cabinet is expected to discuss the matter before the Tory Party conference in September and the possibility of legislation in the next session of Parliament is not being ruled out.

Around 30 constituency organisations are understood to have put forward resolutions to conference calling for the voting rights of non-British citizens living in the UK to be withdrawn, and last night officers of the Tory backbench home affairs committee asked Mr William Whitelaw, the Home Secretary to take action.

Senior ministers attribute the surge of feeling to the recent IRA bombings in London. They also believe the action of Mr Charles Haughey, the Irish Prime Minister, in opposing Britain's role in the Falklands war has strengthened anti-Irish sentiment.

Opinion in the Cabinet is likely to be divided. Any move to change the law would militate against plans by James Prior, the Northern Ireland Secretary, to restore devolved government to the province.

Ministers also appreciate the need to preserve the best possible relations with the Irish government in order to facilitate co-operation on security matters.

# Union threatens to abandon health disputes code of practice

BY IVOR DAWNAY, LABOUR STAFF

THE second largest health service union warned last night that it may abandon the TUC code of practice, drawn up to protect patients during disputes, if the Government fails to improve its current pay offers of 6 and 7.5 per cent.

The action committee of the 235,000-strong Confederation of Health Service Employees decided yesterday to recommend that the union's executive and the TUC health services committee drop the code in order to apply more pressure in the three-month-old campaign for a 12 per cent pay rise.

The move was immediately rejected by officials of the National Union of Public Employees and Mr Len Murray, the TUC general secretary.

However, Mr Albert Spanswick, Cohse general secretary, said earlier his members may take action "unilaterally" in September even if the decision fails to win support from other NHS unions.

Asked if ignoring the code of conduct could endanger patients' lives, Mr Spanswick said: "We accept that, and it is up to the Government to do something about it.

Whatever Cohse's national executive decides, yesterday's announcement is certain to provoke angry recriminations from other health service unions.

The code of practice was drawn up in 1979 after the "dirty jobs" strike to ensure that NHS unions did not harm patients or jeopardise public support when taking industrial action.

It requires that accident and emergency cover is maintained, that no action is taken affecting children and that care continues for patients already in hospital when a strike begins.

Mr Len Murray said last night he would be "astonished" if Cohse decided to drop the code. "It would be unacceptable to the TUC for any NHS union to abandon the code which they collectively drew up, which the TUC has endorsed, and which has proved its worth to patients and unions," he said.

Mr Bob James, a Nupe officer, categorically rejected the Cohse move. It would be more appropriate if Cohse stepped up industrial action by backing Nupe's call for an all out strike, while maintaining the code.

"We have always made clear that we are not prepared to withdraw accident and emergency services," he added.

Continued from Page 1

## Halliday Simpson

fund managers of institutional clients.

Some fund managers were allowed the use of an open account kept by Halliday through which they booked orders. Profits were passed to the fund manager, or a relation, or an agent, if the price did not suit, the bargains would be booked later direct to the institution.

Because of the seriousness of the affair, the Stock Exchange has taken the unusual step of notifying the employers of the fund managers involved and the City of London police. In its notice to members, the Stock Exchange says that early in 1981 after a visit to the firm's Manchester office by the member of the City of London Police fraud squad on another matter, a decision was taken to destroy items of the firm's records. After a Stock Exchange committee of investigation was appointed, a large number of file copies of contract notes were mutilated by the removal of the section showing the party with whom the bargain had been done."

The Stock Exchange said that the investigation "was not assisted" by the absence of those records.

Continued from Page 1

## Transport

leader, said yesterday: "This report could have been drafted by the roads lobby and represents a major attack on the rights of Londoners as voters and ratepayers."

The MPs recommend that the Authority should have the power to precept ratepayers in the GLC boroughs and adjacent county districts.

The Committee avoids making recommendations on the level of subsidy needed to ensure a better public transport system.

*Transport in London, Fifth Report from the Transport Committee. Available from HMSO, price £7.75.*

# Nassau links Vatican bank with Ambrosiano

BY DUNCAN CAMPBELL-SMITH IN NASSAU

BANCO AMBROSIANO Overseas of Nassau emerged yesterday as the key link in the relationship between the troubled Ambrosiano banking group of Italy and the Panamanian activities of Istituto per le Opere di Religione, the state bank of the Vatican.

The Nassau subsidiary of the group acted as agent bank, according to the public registry of companies in Panama, in the setting-up of at least five of the group of Panamanian companies owned by IOR. The companies are still believed to be indebted to the Ambrosiano group for as much as $1.4bn (£803m).

Information included on the public registry in Panama also shows that three, perhaps four, of Banco Ambrosiano Overseas' managers were founding directors of one or more of the companies, set up between March 1977 and August 1979.

The directors include Mr Pierre Siegenthaler, the Swiss president of the Nassau bank who has so far refused to comment on its affairs, and Mr Calvin Knowles, the bank's treasurer who yesterday refused the Financial Times admission to the bank's recently-completed offices in Nassau.

Banco Ambrosiano Overseas was set up in Nassau as the Cisalpine Overseas bank in 1971. It changed its name in July 1980 to underline its membership of the Ambrosiano group and opened its doors to domestic business in the Bahamas in April this year.

Banco Ambrosiano Overseas at the end of 1981 had outstanding deposits from non-affiliates of $446.9m.

The apparent disappearance of $1.2-1.4bn lent to the Panama companies through Peruvian and other subsidiaries by the Ambrosiano group is at the centre of the crisis over the future of the group's huge borrowings in the Euromarket. The precise relationship between the group and the Vatican authorities has been a mystery since the death last month of Sig Roberto Calvi, the Ambrosiano chairman.

According to Panama's public registry, the resident Panamanian agent for five of these companies — Delrosa Inc, Laramie Inc, Erin Inc, Bellatrix SA, and Astolfine SA—is Arosemena, Noriega and Castro, a local law firm.

Dr Carlos Arosemena said yesterday that his firm had acted on instructions received from Banco Ambrosiano Overseas in setting up the companies but had had no subsequent dealings with the Nassau bank. He confirmed his firm's role with four of the above companies but said he had no record of Laramie Inc.

All five of the companies registered by Arosemena, Noriega and Castro were set up with an initial capital of $10,000 but obtained clearance for any subsequent borrowing. The registered purposes of the companies is stated at length, in the broadest terms, to allow for a range of investment, financial and trading activities.

Dr Arosemena, a former president of the Inter-American Bar Association, said the books of the companies were not available in Panama. He had no knowledge of their location nor of the identity of the owners.

This is now understood to be Istituto per le Opere di Religione (IOR). As resident agent, Dr Arosemena added, his firm had no powers to bind or represent the companies.

La Centrale shares up, Page 28

# Coal Board losses at £1.5m a working day

By Sue Cameron

LOSSES at the National Coal Board were running at more than £1.5m for every working day of the year ending March 27, 1982, it was revealed yesterday.

The NCB's annual report shows that all but two of the board's 12 deep mining regions made operating losses. The losses ranged from £3.5m in the South Yorkshire region to a huge £95.9m in South Wales.

On a historic cost basis the NCB lost £428m in 1981-82, but this was met by a government deficit grant. On a current cost basis, however, the losses were £651m after payment of £341m in interest charges and before payment of the deficit grant.

This is well up on the losses for the previous year which, on the same basis, were £450m.

The Government agreed to increase by £300m the operating grants for the industry for 1981-82 after the miners threatened to strike in February 1981 over planned pit closures.

In 1981-82 a total of 10 collieries were closed and two merged, leaving the total number of pits at 200. The 10 closed pits accounted for 2m tonnes of annual capacity.

Yesterday the NCB blamed the recession and the resulting markets for its failure to turn in better results. It stressed that the "very competitive situation in the energy market" had prevented it from raising its prices in line with inflation.

It also had to bear a "substantial increase in interest charges" because of its heavy investment programme.

The value of the NCB's sales rose from £4,186bn in 1980-81 to £4.727bn in the last financial year. Sales volume went up by 2.5m tonnes to 120.2m tonnes and exports doubled to 9.4m tonnes. Overall output dropped slightly but still exceeded total volume sales at 122.9m tonnes.

Productivity at the coalface improved by 5.2 per cent and overall productivity by 3.4 per cent.

The NCB emphasised yesterday that direct operating subsidies to the UK coal industry were low compared to those given by governments on the Continent.

Government aid to the UK industry during the year worked out at £3.70 a tonne. The comparable figure for West Germany was £10.90 a tonne, for France £11.90 a tonne and for Belgium £25.50 a tonne.

CEGB stockpiling grows, Page 8

## Weather

UK TODAY

DRY, sunny. Near normal temperatures.

**London, S.E., S.W., Central S. England, Channel**

Sunny periods. Showers. Max. 21C (70F).

**E. N.E. England**

Coasts cloudy. Sunny intervals. Max. 21C (70F).

**Central N. England, Midlands**

Sunny intervals. Max. 23C (73F).

**Moray Firth, N.E. and N.W. Scotland, Orkney, Shetland**

Early fog. Sunny periods. Max. 18C (64F).

**Rest of England and Scotland, Wales, I.o.M., N. Ireland**

Early fog. Sunny periods. Max. 22C (72F).

Outlook: Little change.

**WORLDWIDE**

| | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|
| Ajaccio | S | 27 | 81 | L. Ang.† | S | 19 | 66 |
| Algiers | S | 38 | 100 | Lxmbg. | F | 18 | 64 |
| Amsdm. | S | 22 | 72 | Luxor | S | 39 | 102 |
| Athens | S | 29 | 84 | Madrid | S | 26 | 79 |
| Bahrain | S | 38 | 100 | Majorca | S | 31 | 88 |
| Barclna. | F | 26 | 79 | Malaga | S | 34 | 93 |
| Belfast | C | 20 | 68 | Malta | S | 23 | 73 |
| Belgrd. | F | 22 | 72 | M'chstr. | C | 18 | 64 |
| Berlin | F | 24 | 75 | Melbne. | F | 15 | 59 |
| Biarritz | F | 22 | 72 | Mex. C.† | | — | — |
| Bmghm. | F | 15 | 59 | Miami† | S | 26 | 79 |
| Blackpl. | C | 16 | 61 | Milan | R | 19 | 66 |
| Bordx. | S | 24 | 75 | Montrl.† | C | 18 | 64 |
| Boulgn. | C | 17 | 63 | Moscow | F | 23 | 73 |
| Bristol | F | 17 | 63 | Munich | C | 16 | 61 |
| Brussels | S | 20 | 68 | Nairobi | F | 25 | 77 |
| Budpst. | R | 22 | 72 | Naples | F | 27 | 81 |
| Cairo | S | 32 | 90 | Newcastl. | C | 13 | 55 |
| Cardiff | S | 18 | 64 | N York† | C | 21 | 70 |
| Casblca | C | 23 | 73 | Nice | S | 25 | 77 |
| Cape T. | R | 14 | 57 | Nicosia | S | 28 | 82 |
| Chicago† | | — | — | Oporto | F | 21 | 70 |
| Cologne | R | 18 | 64 | Oslo | S | 25 | 77 |
| Copnhgn. | S | 24 | 75 | Paris | C | 21 | 70 |
| Corfu | S | 30 | 86 | Perth | S | 14 | 57 |
| Denver† | C | 17 | 63 | Prague | C | 19 | 66 |
| Dublin | F | 19 | 66 | Rykjvk. | R | 13 | 55 |
| Dbrvnk. | S | 27 | 81 | Rhodes | S | 28 | 82 |
| Edinbgh. | S | 19 | 66 | Rio J'o† | | — | — |
| Faro | S | 23 | 73 | Rome | S | 28 | 82 |
| Florence | C | 32 | 90 | Salzbrg. | C | 18 | 64 |
| Frankft. | F | 16 | 61 | S'cisco† | | — | — |
| Funchal | C | 24 | 75 | Singapr. | S | 32 | 90 |
| Geneva | C | 19 | 66 | S'tiago† | | — | — |
| Gibrltr. | S | 27 | 81 | Stckhm. | F | 19 | 66 |
| Glasgw | C | 20 | 68 | Strasbg. | C | 18 | 64 |
| G'rnsey | C | 17 | 63 | Sydney | F | 17 | 63 |
| Helsinki | F | 16 | 61 | Tangier | F | 23 | 73 |
| H. Kong | S | 33 | 91 | Tel Aviv | S | 28 | 82 |
| Innsbrk. | C | 17 | 63 | Tenerife | S | 29 | 84 |
| Invrnss. | F | 13 | 55 | Tokyo | C | 28 | 82 |
| I.o.Man | C | 16 | 61 | T'r'nto† | C | 16 | 61 |
| Istanbul | S | 27 | 81 | Tunis | S | 37 | 99 |
| Jersey | C | 17 | 63 | Valencia | S | 35 | 95 |
| Jo'burg | S | 19 | 66 | Venice | F | 23 | 73 |
| L. Plms. | S | 26 | 79 | Vienna | C | 19 | 66 |
| Lisbon | F | 23 | 73 | Warsaw | S | 24 | 75 |
| Locarno | C | 16 | 61 | Zurich | C | 17 | 63 |
| London | F | 19 | 66 | | | | |

C—Cloudy. F—Fair. R—Rain. S—Sunny. † Noon GMT temperatures.

THE LEX COLUMN

# New faces in the Index

This morning sees two changes in the composition of the FT Industrial Ordinary 30-Share Index: John Brown and Turner and Newall are being replaced by BTR and BICC. It is important in the interests of continuity that such changes should be infrequent. Still, there have been 28 previous substitutions since the Index was set up in 1935, including a six-way swap in 1947 when the overlapping Ordinary and Industrial indices were effectively merged. Only 12 of the original constituents survive, although four others have maintained a shadowy presence as divisions of larger groups.

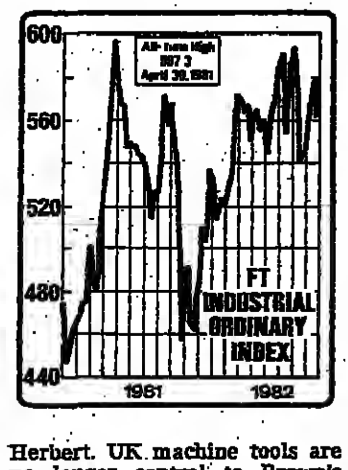
It goes without saying that the index is designed to give as representative as possible a picture of the performance of industrial shares. But there are crucial differences between the 30-Share and FT Actuaries indices such as the All-Share, which make it imperative that changes should be made in the 30-Share from time to time. The actuaries indices are weighted by market capitalisation, so that a shrinking company has a progressively smaller effect on the overall performance of the indices—just as they would take up a smaller proportion of a portfolio. In the 30-Share, however, all constituents have an equal weight, and poor performance by a single share can drag the whole index down badly.

In addition, the 30-Share Index is geometrically calculated: it is the thirtieth root of the product of thirty share prices appropriately adjusted. Geometrical indices underperform arithmetical indices such as the All-Share over time. The 30-Share is intended to gauge short-term fluctuations in market sentiment; it is not a yardstick for portfolio performance.

The geometrical calculation also means that if a share halves relative to the market, its successor has to double in relative terms to make up the lost ground. For the mature companies that make up the index, this is a rare feat, and the scars created by extreme underperformance may never heal.

Turner and Newall, a founder member of the 30-Share, has halved in value since its results were announced in March. Brown's shares have also fallen steeply in the last year, but in its case another consideration applies. It was brought into the index in 1971 as a representative of the machine tool industry, to replace Alfred

Index rose 0.4 to 561.9




Herbert. UK machine tools are no longer central to Brown's business: U.S. manufacturing and process plant contracting make it an unrepresentative constituent.

To some extent, the shift in John Brown's portfolio of businesses is typical of much that has happened to British industry in the last decade. The 30-Share Index, however well it represents British industry, runs the long-term risk of failing to reflect an increasingly service-based economy and a de-industrialised stock market. Today's changes are not intended to address this aspect; they are being made to ensure that the index more perfectly reflects the overall performance of industrial equities.

## International Aeradio

There are aspects to International Aeradio—the subsidiary of BA now being dusted down for sale—that may produce a sense of deja vu among those institutions which chased up the values of Amersham and Cable and Wireless far beyond the Government's own assessment of their worth. For a start IAL's stock in trade incorporates enough areas of incomprehensible technology to satisfy any fund manager. It has a fashionable international involvement, and a heavy emphasis on service products rather than capital hungry manufacture. Finally, the business has just entered a growth phase.

Yesterday's extraordinary meeting cleared the path to disposal, which looks like taking place in the next two or three months. Meanwhile, the annual report reveals that pre-tax profits have risen in 1981 from a depressed £6.3m to £9.3m. The underlying record is nothing to shout about, since profits have been stagnant since 1978, but this year the pay-off for some heavy R and D expenditure should start to come through so the prospective outcome may be in the region of £11m.

Recent precedent points to a p/e in the mid-teens, fully taxed, if the company were to be floated—suggesting a sale tag of around £70m. IAL generates enough cash to fund an appropriate yield, maybe 4 or 5 per cent. The Government, possibly in view of the embarrassment surrounding recent privatisations is actively considering selling IAL direct to one of the eager corporate suitors — GEC among them. It can only justify depriving a company of its independence if it can obtain a substantial premium—in this case perhaps £20m.

## Misconduct

The Stock Exchange has brought 10 partners and associates of Halliday Simpson to book in a necessarily determined response to a very nasty case. The notice put out by the S.E. Council yesterday is both a good advertisement for self-regulation and an eye-opener to the horrors of a firm in which clients were systematically cheated—unless they were "favoured" clients.

The notice makes it clear that the brokers' misconduct involved—and enriched—certain fund managers; the Stock Exchange has "passed information to employers or to appropriate regulatory authorities." Some of the practices described by the Stock Exchange amount to nothing less than obtaining investors' money by deception.

Two or three fund managers have been disgraced, but there has been almost total silence—Chieftain being an honourable exception—from the institutions. Until the pension funds, insurance companies, merchant banks, unit and investment trusts can give categorical assurances that the investing public will not have this kind of worry the boil has been given very justification for extreme suspicion.

This has all the makings of a test case on the questions of the institutions' ability to protect the investor. They need to prove that the Stock Exchange is not the only City body with its head in its head, or another step will have been taken towards a Ministry of Investor Protection.